

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8624

To amend the Internal Revenue Code of 1986 to provide a credit against employer payroll taxes for wages and other expenses paid or incurred for apprenticeship programs.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2026

Mr. MORAN introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against employer payroll taxes for wages and other expenses paid or incurred for apprenticeship programs.

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 “Workforce Apprentice-  
5       ship Growth and Education Support Act” or the  
6       “WAGES Act of 2026”.

7       **SEC. 2. FINDINGS.**

8       Congress finds the following:

1           (1) Apprenticeships strengthen the American  
2 economy by addressing persistent workforce short-  
3 ages, particularly in high-demand and essential in-  
4 dustries, including construction, advanced manufac-  
5 turing, health care, early childhood education and  
6 care, information technology, transportation and lo-  
7 gistics, automotive repair and maintenance, hospi-  
8 tality, energy, agriculture, and the skilled trades.

9           (2) A skilled and resilient workforce is essential  
10 to maintaining the economic competitiveness of the  
11 United States in an increasingly competitive global  
12 economy, particularly as other nations expand in-  
13 vestments in workforce training, technical education,  
14 and industrial capacity.

15           (3) Registered apprenticeship programs are a  
16 proven workforce development model that combines  
17 paid on-the-job learning with related instruction, en-  
18 abling workers to earn wages while gaining industry-  
19 recognized credentials and skills aligned with em-  
20 ployer needs.

21           (4) Employers that invest in registered appren-  
22 ticeship programs benefit from improved produc-  
23 tivity, reduced turnover, and a more skilled work-  
24 force, but often face costs associated with program

1 development, training, supervision, and related in-  
2 struction that may limit broader adoption.

3 (5) The Act of August 16, 1937 (commonly  
4 known as the “National Apprenticeship Act”; 50  
5 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) and  
6 regulations issued thereunder establish a rigorous  
7 framework for registered apprenticeship programs,  
8 ensuring high-quality training standards, worker  
9 protections, and nationally recognized credentials.

10 (6) Expanding employer participation in reg-  
11 istered apprenticeship programs is critical to pro-  
12 moting upward economic mobility, including for indi-  
13 viduals without a four-year college degree, by pro-  
14 viding pathways to higher earnings and stable, well-  
15 paying careers.

16 **SEC. 3. APPRENTICESHIP CREDIT.**

17 (a) IN GENERAL.—Subchapter D of chapter 21 of the  
18 Internal Revenue Code of 1986 is amended by adding at  
19 the end the following new section:

20 **“SEC. 3135. APPRENTICESHIP CREDIT.**

21 “(a) IN GENERAL.—In the case of an eligible em-  
22 ployer, there shall be allowed as a credit against applicable  
23 employment taxes for each calendar quarter an amount  
24 equal to 50 percent of the sum of—

1           “(1) the qualified wages with respect to each  
2 qualified apprentice of such employer for such cal-  
3 endar quarter, and

4           “(2) the registered apprenticeship program ex-  
5 penses paid or incurred by the employer during the  
6 calendar quarter.

7           “(b) LIMITATIONS AND REFUNDABILITY.—

8           “(1) WAGES TAKEN INTO ACCOUNT.—The  
9 amount of qualified wages with respect to any quali-  
10 fied apprentice which may be taken into account  
11 under subsection (a) by the eligible employer for any  
12 calendar quarter shall not exceed \$5,000.

13           “(2) REGISTERED APPRENTICESHIP PROGRAM  
14 EXPENSES TAKEN INTO ACCOUNT.—The amount of  
15 registered apprenticeship program expenses taken  
16 into account by the eligible employer with respect to  
17 any calendar quarter shall not exceed the greater  
18 of—

19                   “(A) \$5,000, or

20                   “(B) the lesser of—

21                           “(i) \$2,500 for each qualified appren-  
22 tice which is an employee of the eligible  
23 employer during such calendar quarter, or

24                           “(ii) \$50,000.

1           “(3) CREDIT LIMITED TO EMPLOYMENT  
2 TAXES.—The credit allowed by subsection (a) with  
3 respect to any calendar quarter shall not exceed the  
4 applicable employment taxes (reduced by any credits  
5 allowed under section 3111) on the wages paid with  
6 respect to the employment of all the employees of  
7 the eligible employer for such calendar quarter.

8           “(4) REFUNDABILITY OF EXCESS CREDIT.—If  
9 the amount of the credit under subsection (a) ex-  
10 ceeds the limitation of paragraph (3) for any cal-  
11 endar quarter, such excess shall be treated as an  
12 overpayment that shall be refunded under sections  
13 6402(a) and 6413(b).

14           “(c) DEFINITIONS.—For purposes of this section—

15           “(1) APPLICABLE EMPLOYMENT TAXES.—The  
16 term ‘applicable employment taxes’ means the fol-  
17 lowing:

18                   “(A) The taxes imposed under section  
19 3111(b).

20                   “(B) So much of the taxes imposed under  
21 section 3221(a) as are attributable to the rate  
22 in effect under section 3111(b).

23           “(2) ELIGIBLE EMPLOYER.—The term ‘eligible  
24 employer’ means any employer which, during the  
25 calendar quarter—

1 “(A) either—

2 “(i) maintains a registered apprentice-  
3 ship program, or

4 “(ii) has entered into a written agree-  
5 ment (including a collective bargaining  
6 agreement) under which the employer  
7 agrees to adhere to the apprenticeship  
8 standards formulated and registered by a  
9 registered apprenticeship program sponsor  
10 with respect to qualified apprentices par-  
11 ticipating in the registered apprenticeship  
12 program of such sponsor, and

13 “(B) employs a qualified apprentice.

14 “(3) QUALIFIED WAGES.—

15 “(A) IN GENERAL.—The term ‘qualified  
16 wages’ means, with respect to any qualified ap-  
17 prentice, wages paid for service rendered while  
18 such qualified apprentice is participating in a  
19 registered apprenticeship program.

20 “(B) LIMITATIONS.—Such term shall not  
21 include any wages paid for service rendered  
22 after the date that is 2 years after the date the  
23 qualified apprentice begins participation in a  
24 registered apprenticeship program.

25 “(4) WAGES.—

1           “(A) IN GENERAL.—The term ‘wages’  
2 means wages (as defined in section 3121(a))  
3 and compensation (as defined in section  
4 3231(e)).

5           “(B) ALLOWANCE FOR CERTAIN HEALTH  
6 PLAN EXPENSES.—

7           “(i) IN GENERAL.—Such term shall  
8 include amounts paid by the eligible em-  
9 ployer to provide and maintain a group  
10 health plan (as defined in section  
11 5000(b)(1)), but only to the extent that  
12 such amounts are excluded from the gross  
13 income of employees by reason of section  
14 106(a).

15           “(ii) ALLOCATION RULES.—For pur-  
16 poses of this section, amounts treated as  
17 wages under clause (i) shall be treated as  
18 paid with respect to any employee (and  
19 with respect to any period) to the extent  
20 that such amounts are properly allocable to  
21 such employee (and to such period) in such  
22 manner as the Secretary may prescribe.  
23 Except as otherwise provided by the Sec-  
24 retary, such allocation shall be treated as

1 properly made if made on the basis of  
2 being pro rata among periods of coverage.

3 “(5) QUALIFIED APPRENTICE.—

4 “(A) IN GENERAL.—The term ‘qualified  
5 apprentice’ means an individual who—

6 “(i) is an employee of an eligible em-  
7 ployer, and

8 “(ii) participates in a registered ap-  
9 prenticeship program pursuant to a written  
10 apprenticeship agreement with the reg-  
11 istered apprenticeship program sponsor en-  
12 tered into after the date of the enactment  
13 of this section.

14 “(B) EXCEPTION.—Such term shall not in-  
15 clude—

16 “(i) any individual described in sub-  
17 paragraph (A), (B), or (C) of section  
18 51(i)(1), or

19 “(ii) any 5-percent owner (as defined  
20 in section 416(i)(1)(B)).

21 “(C) PARTICIPATION IN A REGISTERED AP-  
22 PRENTICESHIP PROGRAM.—For purposes of  
23 subparagraph (A)(ii), an individual participates  
24 in a registered apprenticeship program if—

1           “(i) the individual has entered into an  
2           apprenticeship agreement that has been  
3           registered with the Office of Apprenticeship  
4           of the Department of Labor or a recognized  
5           State apprenticeship agency during  
6           the first 90 days of probationary employment  
7           with an eligible employer under a  
8           registered apprenticeship program, and

9           “(ii) the individual has been certified  
10          by such Office of Apprenticeship or a recognized  
11          State apprenticeship agency as eligible  
12          for probationary employment as an  
13          apprentice (as defined in section 29.2 of  
14          title 29, Code of Federal Regulations (as  
15          in effect on the date of the enactment of  
16          this subparagraph)).

17          “(6) REGISTERED APPRENTICESHIP PROGRAM.—The term ‘registered apprenticeship program’ means an apprenticeship registered under the  
18          Act of August 16, 1937 (commonly known as the  
19          ‘National Apprenticeship Act’; 50 Stat. 664, chapter  
20          663; 29 U.S.C. 50 et seq.) that meets the standards  
21          of parts 29 and 30 of title 29, Code of Federal Regulations  
22          (as in effect on the date of the enactment  
23          of this paragraph).

1           “(7) REGISTERED APPRENTICESHIP PROGRAM  
2           EXPENSES.—

3           “(A) IN GENERAL.—The term ‘registered  
4           apprenticeship program expenses’ means ex-  
5           penses (other than qualified wages) paid or in-  
6           curred in connection with a registered appren-  
7           ticeship program, including—

8                   “(i) related instruction expenses,

9                   “(ii) on-the-job learning expenses,

10                   “(iii) mentor wages,

11                   “(iv) expenses directly associated with  
12           the development, registration, or mainte-  
13           nance of a registered apprenticeship pro-  
14           gram, and

15                   “(v) amounts paid or incurred by an  
16           eligible employer to a registered appren-  
17           ticeship program sponsor pursuant to a  
18           collective bargaining agreement (or similar  
19           binding agreement) for the purpose of sup-  
20           porting or funding such program.

21           “(B) RELATED INSTRUCTION EX-  
22           PENSES.—The term ‘related instruction ex-  
23           penses’ means the costs of organized instruc-  
24           tion—

1           “(i) in technical subjects related to  
2           the occupation, and

3           “(ii) that may be provided in a class-  
4           room, through distance learning, or other  
5           means of instruction, consistent with the  
6           requirements for such instruction under  
7           section 29.5(b)(4) of title 29, Code of Fed-  
8           eral Regulations (as in effect on the date  
9           of the enactment of this paragraph).

10           “(C) ON-THE-JOB LEARNING EXPENSES.—

11           The term ‘on-the-job learning expenses’—

12           “(i) means the costs of training  
13           that—

14           “(I) is provided to a qualified ap-  
15           prentice while engaged in productive  
16           work in a job, and

17           “(II) provides knowledge or skills  
18           essential to the full and adequate per-  
19           formance of the job,

20           “(ii) includes reimbursement or sup-  
21           port for the costs of such training and of  
22           supervision provided during such training,  
23           and

1           “(iii) does not include the costs of any  
2 wages provided to the qualified apprentice  
3 during the training.

4           “(D) MENTOR WAGES.—

5           “(i) IN GENERAL.—The term ‘mentor  
6 wages’ means wages which—

7           “(I) are paid by an eligible em-  
8 ployer to an employee who is a  
9 journeyworker (within the meaning of  
10 section 29.2 of title 29, Code of Fed-  
11 eral Regulations (as in effect on the  
12 date of the enactment of this subpara-  
13 graph)), and

14           “(II) are in excess of the base  
15 rate of pay of such employee for pay  
16 periods in which such employee is pro-  
17 viding mentorship or supervisory serv-  
18 ices to a qualified apprentice of such  
19 eligible employer.

20           “(ii) BASE RATE OF PAY.—

21           “(I) IN GENERAL.—The term  
22 ‘base rate of pay’ means, with respect  
23 to any pay period for any employee  
24 providing mentorship or supervisory  
25 services, the average wages paid for

1 pay periods occurring over the 12-  
2 month period ending with the pay pe-  
3 riod before the date on which such in-  
4 dividual began providing such  
5 mentorship or supervisory services.

6 “(II) SPECIAL RULES.—If the  
7 employee was not employed for the  
8 entire 12-month period referred to in  
9 subclause (I), such subclause shall be  
10 applied on the basis of the period dur-  
11 ing which such employee was so em-  
12 ployed. The Secretary may provide  
13 rules for the application of this clause  
14 in cases where the employee was not  
15 employed for any period before pro-  
16 viding mentorship or supervisory serv-  
17 ices.

18 “(iii) LIMITATION ON MENTOR  
19 WAGES.—The amount of mentor wages  
20 which may be taken into account during a  
21 calendar quarter with respect to any em-  
22 ployee providing mentorship or supervisory  
23 services shall not exceed \$10,000.

24 “(8) REGISTERED APPRENTICESHIP PROGRAM  
25 SPONSOR.—The term ‘registered apprenticeship pro-

1       gram sponsor’ means any person, association, com-  
2       mittee, or organization operating a registered ap-  
3       prenticeship program and in whose name such pro-  
4       gram is registered or approved.

5       “(d) OTHER RULES.—For purposes of this section—

6               “(1) AGGREGATION RULES.—All persons which  
7       are treated as a single employer under subsections  
8       (a) and (b) of section 52 or subsection (m) or (o)  
9       of section 414 shall be treated as a single taxpayer.

10              “(2) CERTAIN GOVERNMENTAL EMPLOYERS.—

11                   “(A) IN GENERAL.—This credit shall not  
12       apply to the Government of the United States,  
13       the government of any State or political sub-  
14       division thereof, or any agency or instrumen-  
15       tality of any of the foregoing.

16                   “(B) EXCEPTION.—Paragraph (1) shall  
17       not apply to—

18                           “(i) any organization described in sec-  
19       tion 501(c)(1) and exempt from tax under  
20       section 501(a), or

21                           “(ii) any entity described in para-  
22       graph (1) if—

23                                   “(I) such entity is a college or  
24       university, or

1                   “(II) the principal purpose or  
2                   function of such entity is providing  
3                   medical or hospital care.

4                   “(3) DENIAL OF DOUBLE BENEFIT.—

5                   “(A) CREDITS.—Any wages or expenses  
6                   taken into account in determining the credit al-  
7                   lowed under this section shall not be taken into  
8                   account for purposes of determining any credit  
9                   allowed against the tax imposed by chapter 1.

10                  “(B) DEDUCTIONS.—

11                  “(i) WAGES.—For purposes of this  
12                  section, rules similar to the rules of section  
13                  280C(a) shall apply.

14                  “(ii) OTHER EXPENSES.—No deduc-  
15                  tion shall be allowed under chapter 1 with  
16                  respect to that portion of the registered  
17                  apprenticeship program expenses (other  
18                  than wages) taken into account under this  
19                  section.

20                  “(4) COORDINATION WITH OTHER FEDERAL  
21                  PAYMENTS.—This section shall not apply to any  
22                  qualified wages or registered apprenticeship program  
23                  expenses paid or incurred by an eligible employer if  
24                  such eligible employer received payments for such  
25                  qualified wages or registered apprenticeship program

1 expenses under the Workforce Innovation and Op-  
2 portunity Act or any other federally funded pro-  
3 gram.

4 “(5) ELECTION TO HAVE APPRENTICESHIP  
5 CREDIT NOT APPLY.—This section shall not apply to  
6 so much of the qualified wages and registered ap-  
7 prenticeship program expenses paid or incurred by  
8 an eligible employer as such employer elects (at such  
9 time and in such manner as the Secretary may pre-  
10 scribe) to not take into account for purposes of this  
11 section.

12 “(6) THIRD PARTY PAYORS.—Any credit al-  
13 lowed under this section shall be treated as a credit  
14 described in section 3511(d)(2).

15 “(7) EXTENSION OF LIMITATION ON ASSESS-  
16 MENT.—

17 “(A) IN GENERAL.—Notwithstanding sec-  
18 tion 6501, the limitation on the time period for  
19 the assessment of any amount attributable to a  
20 credit claimed under this section shall not ex-  
21 pire before the date that is 6 years after the  
22 latest of—

23 “(i) the date on which the original re-  
24 turn which includes the calendar quarter

1 with respect to which such credit is deter-  
2 mined is filed,

3 “(ii) the date on which such return is  
4 treated as filed under section 6501(b)(2),  
5 or

6 “(iii) the date on which the claim for  
7 credit or refund with respect to such credit  
8 is made.

9 “(B) DEDUCTION FOR WAGES AND EX-  
10 PENSES TAKEN INTO ACCOUNT IN DETER-  
11 MINING IMPROPERLY CLAIMED CREDIT.—

12 “(i) IN GENERAL.—Notwithstanding  
13 section 6511, in the case of an assessment  
14 attributable to a credit claimed under this  
15 section, the limitation on the time period  
16 for credit or refund of any amount attrib-  
17 utable to a deduction for improperly  
18 claimed apprenticeship wages and expenses  
19 shall not expire before the time period for  
20 such assessment expires under paragraph  
21 (1).

22 “(ii) IMPROPERLY CLAIMED APPREN-  
23 TICESHIP WAGES AND EXPENSES.—For  
24 purposes of this paragraph, the term ‘im-  
25 properly claimed apprenticeship wages and

1 expenses' means, with respect to an assess-  
2 ment attributable to a credit claimed under  
3 this section, the wages and expenses with  
4 respect to which a deduction would not  
5 have been allowed if the portion of the  
6 credit to which such assessment relates  
7 had been properly claimed.

8 “(e) TREATMENT OF DEPOSITS.—The Secretary  
9 shall waive any penalty under section 6656 for any failure  
10 to make a deposit of any applicable employment taxes if  
11 the Secretary determines that such failure was due to the  
12 reasonable anticipation of the credit allowed under this  
13 section.

14 “(f) REGULATIONS AND GUIDANCE.—The Secretary,  
15 in consultation with the Secretary of Labor, shall issue  
16 such forms, instructions, regulations, and guidance—

17 “(1) with respect to the application of the cred-  
18 it under subsection (a) to third party payors (includ-  
19 ing professional employer organizations, certified  
20 professional employer organizations, or agents under  
21 section 3504), including regulations or guidance al-  
22 lowing such payors to submit documentation nec-  
23 essary to substantiate the registered apprenticeship  
24 program expenses of employers that use such  
25 payors, and

1           “(2) to prevent the avoidance of the purposes of  
2           the limitations under this section.

3 Any forms, instructions, regulations, or other guidance de-  
4 scribed in paragraph (1) shall require the customer to be  
5 responsible for the accounting of the credit and for any  
6 liability for improperly claimed credits and shall require  
7 the certified professional employer organization or other  
8 third party payor to accurately report such tax credits  
9 based on the information provided by the customer.”.

10           (b) NOTICE OF AVAILABILITY OF CREDIT.—The Sec-  
11 retary of Labor, in consultation with the Secretary of the  
12 Treasury (or the Secretary’s delegate), shall take such  
13 steps as may be necessary or appropriate to keep employ-  
14 ers apprised of the availability of the credit allowed under  
15 section 3135 of the Internal Revenue Code of 1986, as  
16 added by this section.

17           (c) CLERICAL AMENDMENT.—The table of sections  
18 for subchapter D of chapter 21 of the Internal Revenue  
19 Code of 1986 is amended by adding at the end the fol-  
20 lowing new item:

“Sec. 3135. Apprenticeship credit.”.

21           (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to wages paid, and expenses paid  
23 or incurred, for calendar quarters beginning after the date  
24 of enactment of this Act.

1 **SEC. 4. TAX TREATMENT OF APPRENTICESHIP AWARDS.**

2 (a) APPRENTICESHIP AWARDS TREATED AS EM-  
3 PLOYEE ACHIEVEMENT AWARDS.—

4 (1) IN GENERAL.—Section 274(j)(3)(A)(i)(I) of  
5 the Internal Revenue Code of 1986 is amended by  
6 striking subclauses (I), (II), and (III) and inserting  
7 the following:

8 “(I)(aa) transferred by an em-  
9 ployer to an employee for length of  
10 service achievement or safety achieve-  
11 ment and awarded as part of a mean-  
12 ingful ceremony, or

13 “(bb) transferred by an employer  
14 to an employee participating in a reg-  
15 istered apprenticeship program in con-  
16 nection with the training and cur-  
17 riculum of such program, and

18 “(II) awarded under conditions  
19 and circumstances that do not create  
20 a significant likelihood of the payment  
21 disguised as compensation.”.

22 (2) DEFINITIONS.—Section 274(j)(4) of such  
23 Code is amended by adding at the end the following  
24 new subparagraphs:

25 “(D) APPRENTICESHIP AWARDS.—An item  
26 shall not be treated as having been provided in

1 connection with the training and curriculum of  
2 a registered apprenticeship program if such  
3 item is received during the recipient's first 90  
4 days of participating in the registered appren-  
5 ticeship program.

6 “(E) REGISTERED APPRENTICESHIP PRO-  
7 GRAM.—The term ‘registered apprenticeship  
8 program’ has the meaning given such term  
9 under section 3135(c)(6).”.

10 (b) INCREASED LIMITATION.—Paragraph (2) of sec-  
11 tion 274(j) of the Internal Revenue Code of 1986 is  
12 amended—

13 (1) by inserting “(\$1,500 in the case of an em-  
14 ployee achievement award described in paragraph  
15 (3)(A)(i)(I)(bb))” after “\$400” in paragraph (A),  
16 and

17 (2) by inserting “(\$5,000 in the case of a quali-  
18 fied plan award which is an employee achievement  
19 award described in paragraph (3)(A)(i)(I)(bb))” at  
20 the end of paragraph (B).

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to awards transferred after the  
23 date of enactment of this Act.

○