
**Rules of
Department of Economic
Development**

**Division 195—Division of Workforce Development
Chapter 5—General Rules, Individual Training Account
Program**

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**Title 4—DEPARTMENT OF
ECONOMIC DEVELOPMENT
Division 195—Division of Workforce
Development**

**Chapter 5—General Rules, Individual
Training Account Program**

**4 CSR 195-5.010 Purpose; Business
Eligibility**

PURPOSE: The Department of Economic Development, Division of Workforce Development has the responsibility to administer the Individual Training Account Program and to approve or disapprove applications for this program. This rule sets out the goals of the program and establishes guidelines for a business' eligibility for benefits under this program.

(1) The Individual Training Account Program provides assistance to eligible businesses located in Missouri for the training or retraining activities designed to upgrade skills of current or potential employees.

(A) Through educational programs, businesses are reimbursed in the form of tax credits for costs associated with upgrade training to prepare existing or potential employees for higher skilled positions.

(B) A special emphasis shall be placed on trainees with obsolete or inadequate job skills.

(C) Job training programs shall attempt to prepare employed workers for positions that remain unfilled or that may be created by current or potential employers.

(2) In order to be eligible to receive assistance through the Individual Training Account Program, an employer must apply to the Division of Workforce Development (DWD) using forms prescribed by the DWD and providing all information required. An employer also must be liable for taxes incurred pursuant to the provisions of Chapter 143, RSMo (income tax) or Chapter 148, RSMo (taxation of financial institutions), and must be located within a distressed community as defined by section 135.530, RSMo to be eligible for participation in the program.

(A) The DWD may approve or disapprove an application based on its economic impact on the community and its eligible employees. Factors to be considered before approving an application include, but are not limited to:

1. The type of industry requesting assistance;
2. The company's total employment history in Missouri during the previous three (3) years prior to the time of application;

3. The occupations, job duties and requirements, and respective wage rates; and

4. The type of training and the reasonableness of the training costs.

(B) If the business is covered by a collective bargaining agreement, no training project will be approved without written consultation from the appropriate local labor organization.

1. The employer shall send a request for written comments by certified mail, return receipt requested, to the bargaining agent for the appropriate local labor organization. The request shall specify that, if no comments are received by the DWD within fifteen (15) days of the bargaining agent's receipt of the request, the employer will assume the bargaining agent consents to the proposed training.

2. An employee that is promoted into a job that replaces or supplants an existing employee engaged in an authorized work stoppage is not eligible for the program.

3. An employee that is promoted into an occupation affected by an active layoff at the time of application or up to three hundred sixty-five (365) days prior to application, is not eligible for the program.

AUTHORITY: sections 620.1400, 620.1410, 620.1440 and 620.1460, RSMo Supp. 1999. Original rule filed March 15, 2000, effective Oct. 30, 2000.*

**Original authority: 620.1400, RSMo 1998; 620.1410, RSMo 1998; 620.1440, RSMo 1998; 620.1460, RSMo 1998.*

**4 CSR 195-5.020 Application to Participate
and Qualifications for Tax Credits**

PURPOSE: This rule sets out the process for an employer to participate in the Individual Training Account Program, and sets out how the employer makes subsequent application for tax credits after employee training is complete. This rule also provides guidance as to what expenses qualify for tax credits.

(1) In order to participate in the Individual Training Account Program, an employer must submit an Employer Notification request using forms prescribed by the Division of Workforce Development (DWD) providing all information required to the DWD. The Employer Notification shall include, but is not limited to, the following:

- (A) Names and occupations of employees to be trained;
- (B) The trainees' Social Security numbers;
- (C) The date of hire or anticipated date of hire of the trainees and corresponding wage rates;

(D) The name and location of the training provider(s);

(E) The dates the training will occur for each trainee;

(F) A description of the training to be provided; and

(G) The company's Unemployment Insurance Identification Number.

(2) Training may begin after the notification is received and given preliminary approval by the DWD.

(A) Tax credits can only be claimed for training approved by the DWD.

(B) Training for each trainee cannot exceed two (2) calendar years.

(C) A maximum credit that can be claimed for each trainee is the lesser of fifty percent (50%) of the actual training costs or one thousand five hundred dollars (\$1,500) per year.

(3) In order to receive tax credits for upgrade training, an employer must submit a Tax Credit Request Form to the DWD.

(A) The employer must submit the following with the Tax Credit Request Form:

1. Verification from the training provider that the employee successfully completed training;

2. Documentation satisfactory to the DWD that the employee has increased his/her wage rates. Documentation of this may include, but is not limited to, copies of a payroll register;

3. Documentation satisfactory to the DWD that the employee has been employed in a new, full-time position with the employer for at least three (3) months; and

4. Documentation satisfactory to the DWD of the employee's responsibilities in his/her new position and a brief description of how these have increased from the employee's pre-training position.

(B) The DWD will verify the information on the Tax Credit Request Form, and notify the Department of Revenue.

(4) The employer/recipient may assign, sell or transfer, in whole or in part, the Individual Training Account Tax Credits.

(A) To perfect the transfer, the assignor (person selling the tax credits) shall provide written notice to DWD of the assignor's intent to transfer the tax credits to the assignee, the date the transfer is effective, the assignee's name and address, the assignee's tax period and the amount of tax credits to be transferred.

(B) The assignee shall provide written notice to DWD specifying the number of consecutive tax periods the transferred tax



credits are to be claimed; except that, the number of tax periods during which the assignee may subsequently claim the tax credits shall not exceed five (5) tax periods less the number of tax periods the assignor previously claimed or held the tax credits before the transfer occurred.

(5) For the purpose of determining the amount of tax credits authorized, eligible training costs include tuition, instruction, curriculum design, training materials, the leasing of classroom space or training equipment, and other related training expenses that do not exceed the prevailing rates.

(A) Eligible training providers are local educational institutions that are publicly or privately funded and certified by the Department of Higher Education or the Department of Elementary and Secondary Education.

(B) The purchase of classroom facilities, space or training equipment are not eligible costs.

AUTHORITY: sections 620.1410, 620.1420, 620.1430, 620.1440 and 620.1460, RSMo Supp. 1999. Original rule filed March 15, 2000, effective Oct. 30, 2000.*

**Original authority: 640.1410, RSMo 1998; 640.1420, RSMo 1998; 620.1430, RSMo 1998; 620.1440, RSMo 1998; 620.1460, RSMo 1998.*

claimed by companies for employees on their respective payrolls.

(A) The upgraded position must offer the same benefits and comparable pay rates as other workers in the same occupation in the labor market area.

(B) The upgraded position assumed by the trainee upon completion of training must be consistent within a career pattern of advancement.

(C) Successful completion of training requires a showing that the employee has attained higher earnings, job advancement, and increased skill proficiency.

1. The higher wage rate shall be in addition to normal cost-of-living pay increases.

2. The wage rate must be equal to or higher than the average area wage rate for similar occupations.

3. The upgrade position must offer a minimum of fifty-one percent (51%) employer-funded medical benefits to the employee.

(D) Upgrade training is the progressive development of skills associated with a defined set of work processes.

AUTHORITY: sections 620.1410, 620.1420, 620.1440 and 620.1460, RSMo Supp. 1999. Original rule filed March 15, 2000, effective Oct. 30, 2000.*

**Original authority 620.1410, RSMo 1998; 620.1420, RSMo 1998; 620.1440, RSMo 1998; 620.1460, RSMo 1998.*

4 CSR 195-5.030 Employee/Trainee Eligibility

PURPOSE: This rule establishes guidelines for determining the eligibility of certain employees for training under the Individual Training Account Program, and clarifies when successful completion of the training program qualifies the employer to receive tax credits for the training activity.

(1) An eligible trainee must be a full- or part-time employed worker whose salary is equal to or less than two hundred percent (200%) of the present Federal Poverty Level.

(A) Part-time employed workers must average a minimum of twenty (20) hours per week during the training period.

(B) A full-time position is defined as a job that averages a minimum of thirty-five (35) or more hours a week.

(2) Tax credits may not be claimed until a trainee has successfully completed training and has been employed for a minimum of three (3) months in the upgraded, full-time, permanent position. Tax credits may only be