

107TH CONGRESS  
1ST SESSION

# S. 833

To amend the Internal Revenue Code of 1986 to expand the child tax credit.

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IN THE SENATE OF THE UNITED STATES

MAY 3, 2001

Ms. SNOWE (for herself, Mr. DODD, Mr. JEFFORDS, Mr. ROCKEFELLER, Mr. BINGAMAN, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the child tax credit.

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 “Child Tax Credit Ex-  
5 pansion and Equity Act”.

6 **SEC. 2. EXPANSION OF CHILD TAX CREDIT; CREDIT MADE**  
7 **PARTIALLY REFUNDABLE.**

8 (a) INCREASE IN AMOUNT ALLOWED.—Subsection  
9 (a) of section 24 of the Internal Revenue Code of 1986

1 (relating to allowance of credit) is amended to read as fol-  
 2 lows:

3 “(a) ALLOWANCE OF CREDIT.—

4 “(1) IN GENERAL.—There shall be allowed as a  
 5 credit against the tax imposed by this chapter for  
 6 the taxable year with respect to each qualifying child  
 7 of the taxpayer an amount equal to the applicable  
 8 amount.

9 “(2) APPLICABLE AMOUNT.—For purposes of  
 10 paragraph (1), the applicable amount shall be deter-  
 11 mined as follows:

**“In the case of any taxable year beginning in— The applicable amount is—**

2002 .....	\$600
2003 .....	700
2004 .....	800
2005 .....	900
2006 or thereafter .....	1,000.”.

12 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
 13 IMUM TAX.—

14 (1) IN GENERAL.—Section 24(b) of the Internal  
 15 Revenue Code of 1986 (relating to limitation based  
 16 on adjusted gross income) is amended by adding at  
 17 the end the following new paragraph:

18 “(3) LIMITATION BASED ON AMOUNT OF  
 19 TAX.—The credit allowed under subsection (a) for  
 20 any taxable year shall not exceed the excess of—

1           “(A) the sum of the regular tax liability  
2 (as defined in section 26(b)) plus the tax im-  
3 posed by section 55, over

4           “(B) the sum of the credits allowable  
5 under this subpart (other than this section) and  
6 section 27 for the taxable year.”.

7 (2) CONFORMING AMENDMENTS.—

8           (A) Section 24(d) of such Code is  
9 amended—

10           (i) by striking “section 26(a)” each  
11 place it appears and inserting “subsection  
12 (b)(3)”, and

13           (ii) in paragraph (1)(B) by striking  
14 “aggregate amount of credits allowed by  
15 this subpart” and inserting “amount of  
16 credit allowed by this section”.

17           (B) Paragraph (1) of section 26(a) of such  
18 Code is amended by inserting “(other than sec-  
19 tion 24)” after “this subpart”.

20           (C) Section 904(h) is amended by inserting  
21 “(other than section 24)” after “chapter”.

22           (D) Section 1397E(c)(2) of such Code is  
23 amended by inserting “section 24 and” after  
24 “other than”.

1           (E) The heading for section 24(b) of such  
2 Code is amended to read as follows: “LIMITA-  
3 TIONS.—”.

4           (F) The heading for section 24(b)(1) of  
5 such Code is amended to read as follows: “LIM-  
6 ITATION BASED ON ADJUSTED GROSS IN-  
7 COME.—”.

8           (c) PORTION OF CHILD CREDIT TREATED AS RE-  
9 FUNDABLE.—

10           (1) IN GENERAL.—Paragraph (1) of section  
11 24(d) of the Internal Revenue Code of 1986 (relat-  
12 ing to additional credit for families with 3 or more  
13 children), as amended by subsection (b)(2)(A), is  
14 amended to read as follows:

15           “(1) IN GENERAL.—The aggregate credits al-  
16 lowed to a taxpayer under subpart C shall be in-  
17 creased by the sum of the credits allowable under  
18 this section for all qualifying children of the tax-  
19 payer (determined without regard to this subsection  
20 and the limitation under subsection (b)(3)), except  
21 that the amount of the credit which may be taken  
22 into account under this subsection with respect to  
23 any qualifying child shall not exceed \$500. The  
24 amount of the credit allowed under this subsection  
25 shall not be treated as a credit allowed under this

1 subpart and shall reduce the amount of credit other-  
2 wise allowable under subsection (a) without regard  
3 to subsection (b)(3).”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 24(d) of such Code is amended  
6 by striking paragraph (3).

7 (B) The heading for section 24(d) of such  
8 Code is amended to read as follows: “ADDI-  
9 TIONAL CREDIT FOR CERTAIN FAMILIES.—”.

10 (d) COORDINATION WITH FEDERAL MEANS-TESTED  
11 PROGRAMS.—Section 24(d) of the Internal Revenue Code  
12 of 1986, as amended by subsection (c), is amended by add-  
13 ing at the end the following new paragraph:

14 “(3) COORDINATION WITH MEANS-TESTED PRO-  
15 GRAMS.—For purposes of any benefits, assistance,  
16 or supportive services under any Federal program or  
17 under any State or local program financed, in whole  
18 or in part, with Federal funds, which imposes in-  
19 come limitations on eligibility for such program, any  
20 refund made to an individual (or the spouse of an  
21 individual) by reason of this subsection shall not be  
22 treated as income (and shall not be taken into ac-  
23 count in determining resources for the month of its  
24 receipt and the following month).”.

1       (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2001.

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