

119TH CONGRESS
2D SESSION

H. R. 8023

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2026

Ms. SÁNCHEZ (for herself and Mrs. MILLER of West Virginia) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

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. CHILD CARE SUPPLY CREDIT.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by adding at the end the following new
7 section:

8 **“SEC. 45BB. CHILD CARE SUPPLY CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 38, the
10 amount of the child care supply credit determined under

1 this section with respect to any employer for any taxable
 2 year is an amount equal to the lesser of—

3 “(1) the applicable percentage of the qualified
 4 child care wages paid or incurred by the employer
 5 for such taxable year, or

6 “(2) the excess (if any) of—

7 “(A) the qualified child care wages paid or
 8 incurred by the employer for such taxable year,
 9 over

10 “(B) the qualified child care wages paid or
 11 incurred by the employer for the preceding tax-
 12 able year.

13 “(b) REQUIREMENT OF INCREASE IN ANNUAL AVER-
 14 AGE HOURLY CHILD CARE WAGE.—

15 “(1) IN GENERAL.—No credit shall be deter-
 16 mined under subsection (a) with respect to any em-
 17 ployer for any taxable year unless such employer’s
 18 average hourly child care wage for such taxable year
 19 exceeds such employer’s average hourly child care
 20 wage for the preceding taxable year.

21 “(2) AVERAGE HOURLY CHILD CARE WAGE.—

22 For purposes of this subsection, the term ‘average
 23 hourly child care wage’ means, with respect to any
 24 employer for any taxable year, the ratio of—

1 “(A) the qualified child care wages paid or
2 incurred by such employer for such taxable
3 year, divided by

4 “(B) the total number of hours of service
5 for which such wages were paid or incurred.

6 “(c) APPLICABLE PERCENTAGE.—For purposes of
7 this section—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2), the applicable percentage is 5 percent.

10 “(2) RURAL AREAS.—

11 “(A) IN GENERAL.—In the case of quali-
12 fied child care wages paid or incurred with re-
13 spect to employment at an eligible childcare fa-
14 cility which is located in a rural area, the appli-
15 cable percentage is 7 percent.

16 “(B) RURAL AREA DEFINED.—For pur-
17 poses of this paragraph, the term ‘rural area’
18 means any area other than an urban area (as
19 defined in section 101(a)(35) of title 23, United
20 States Code).

21 “(d) DEFINITIONS.—For purposes of this section—

22 “(1) QUALIFIED CHILD CARE WAGES.—

23 “(A) IN GENERAL.—The term ‘qualified
24 child care wages’ means wages paid to qualified
25 child care workers.

1 “(B) WAGES.—The term ‘wages’ has the
 2 meaning given such term by subsection (b) of
 3 section 3306 (determined without regard to any
 4 dollar limitation contained in such section).
 5 Such term shall not include any amount taken
 6 into account for purposes of determining any
 7 other credit allowed under this subpart.

8 “(2) QUALIFIED CHILD CARE WORKER.—

9 “(A) IN GENERAL.—The term ‘qualified
 10 child care worker’ means any employee who—

11 “(i) is employed at an eligible child
 12 care facility, and

13 “(ii) provides child care services.

14 “(3) ELIGIBLE CHILD CARE FACILITY.—The
 15 term ‘eligible child care facility’ means any facility
 16 which—

17 “(A) provides child care services for at
 18 least 6 individuals,

19 “(B) receives a fee, payment, or grant for
 20 providing such services, and

21 “(C) complies with all applicable laws and
 22 regulations of a State or unit of local govern-
 23 ment.

24 “(4) CHILD CARE SERVICES.—The term ‘child
 25 care services’ means the providing of care, edu-

1 cation, protection, supervision, or guidance to chil-
2 dren.

3 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—

4 “(1) IN GENERAL.—A taxpayer may elect to
5 have this section not apply for any taxable year.

6 “(2) OTHER RULES.—Rules similar to the rules
7 of paragraphs (2) and (3) of section 51(j) shall
8 apply for purposes of this subsection.”.

9 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
10 NESS CREDIT.—Section 38(b) of the Internal Revenue
11 Code of 1986 is amended by striking “plus” at the end
12 of paragraph (40), by striking the period at the end of
13 paragraph (41) and inserting “, plus”, and by adding at
14 the end the following new paragraph:

15 “(42) the child care supply credit determined
16 under section 45BB(a).”.

17 (c) ELECTIVE PAYMENT.—Section 6417(b) of the In-
18 ternal Revenue Code of 1986 is amended by adding at the
19 end the following new paragraph:

20 “(13) The child care supply credit determined
21 under section 45BB(a).”.

22 (d) DENIAL OF DOUBLE BENEFIT.—Section 280C(a)
23 of the Internal Revenue Code of 1986 is amended by in-
24 serting “45BB(a),” after “45S(a),”.

1 (e) CLERICAL AMENDMENT.—The table of sections
2 for subpart D of part IV of subchapter A of chapter 1
3 of the Internal Revenue Code of 1986 is amended by add-
4 ing at the end the following new item:

“Sec. 45BB. Child care supply credit.”.

5 (f) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

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