

105TH CONGRESS
2D SESSION

S. 2079

To amend the Internal Revenue Code of 1986 to replace the dependent care credit for children age 5 and under with an increase in the amount of the child tax credit for such children.

IN THE SENATE OF THE UNITED STATES

MAY 14 (legislative day, MAY 13), 1998

Mr. SMITH of Oregon (for himself, Mr. HATCH, Mr. GRAMS, Mr. ABRAHAM, Mr. WYDEN, and Mr. HUTCHINSON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to replace the dependent care credit for children age 5 and under with an increase in the amount of the child tax credit for such children.

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. REPLACEMENT OF DEPENDENT CARE CREDIT**
4 **FOR CHILDREN UNDER AGE 6 WITH IN-**
5 **CREASE IN CHILD TAX CREDIT.**

6 (a) INCREASE IN CHILD TAX CREDIT.—Subsection
7 (a) of section 24 of the Internal Revenue Code of 1986
8 (relating to child tax credit) is amended by striking “an

1 amount equal to \$500” and all that follows through the
 2 period and inserting the following: “an amount equal to—

3 “(1) \$1,500 in the case of a qualifying child
 4 who is 5 years of age or less, and

5 “(2) \$500 in the case of all other qualifying
 6 children.”.

7 (b) COORDINATION OF DEPENDENT CARE CREDIT.—
 8 Section 21 of the Internal Revenue Code of 1986 (relating
 9 to expenses for household and dependent care services nec-
 10 essary for gainful employment) is amended by inserting
 11 “over the age of 5 and” before “under the age of 13”
 12 each place it appears in subsections (b)(1)(A) and
 13 (e)(5)(B).

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to taxable years beginning after
 16 December 31, 1998.

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