

105TH CONGRESS
1ST SESSION

S. 98

To amend the Internal Revenue Code of 1986 to provide a family tax credit.

IN THE SENATE OF THE UNITED STATES

JANUARY 21, 1997

Mr. GRAMS (for himself, Mr. HUTCHINSON, Mr. NICKLES, Mr. KYL, and Mr. COATS) 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 provide a family 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 “Family Tax Fairness
5 Act of 1997”.

6 **SEC. 2. FAMILY TAX CREDIT.**

7 (a) IN GENERAL.—Subpart C of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by redес-
 2 ignating section 35 as section 36 and by inserting after
 3 section 34 the following new section:

4 **“SEC. 35. FAMILY TAX CREDIT.**

5 “(a) GENERAL RULE.—In the case of an eligible indi-
 6 vidual, there shall be allowed as a credit against the tax
 7 imposed by this subtitle for the taxable year an amount
 8 equal to \$500 multiplied by the number of qualifying chil-
 9 dren of the taxpayer who have not attained the age of 18
 10 as of the close of the calendar year in which the taxable
 11 year of the taxpayer begins.

12 “(b) LIMITATION BASED ON AMOUNT OF TAX.—The
 13 credit allowed by subsection (a) for a taxable year shall
 14 not exceed the excess (if any) of—

15 “(1) the sum of—

16 “(A) the tax imposed by this subtitle for
 17 the taxable year (reduced by the credits allow-
 18 able against such tax other than the credits al-
 19 lowable under this subpart), and

20 “(B) the taxes imposed by sections 3101
 21 and 3111 on wages received by the taxpayer
 22 during such taxable year, over

23 “(2) the credit allowable for the taxable year
 24 under section 32.

25 “(c) INFLATION ADJUSTMENTS.—

1 “(1) IN GENERAL.—In the case of a taxable
 2 year beginning in a calendar year after 1997, the
 3 \$500 amount contained in subsection (a) shall be in-
 4 creased by an amount equal to—

5 “(A) \$500, multiplied by

6 “(B) the cost-of-living adjustment deter-
 7 mined under section 1(f)(3) for the calendar
 8 year in which the taxable year begins, deter-
 9 mined by substituting ‘1996’ for ‘1992’ in sub-
 10 paragraph (B) thereof.

11 “(2) ROUNDING.—If any increase determined
 12 under paragraph (1) is not a multiple of \$5, such
 13 increase shall be rounded to the next higher multiple
 14 of \$5.

15 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
 16 poses of this section—

17 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
 18 individual’ has the meaning given to such term by
 19 section 32(c)(1) (determined without regard to sub-
 20 paragraph (B) thereof).

21 “(2) QUALIFYING CHILD.—The term ‘qualifying
 22 child’ has the meaning given to such term by section
 23 32(c)(3) (determined without regard to subpara-
 24 graphs (C) and (E) thereof).

1 “(3) CERTAIN OTHER RULES APPLY.—Sub-
2 sections (d) and (e) of section 32 shall apply.”

3 (b) DENIAL OF DOUBLE BENEFIT.—Subparagraph
4 (A) of section 21(b)(1) of such Code (defining qualifying
5 individual) is amended by inserting “(other than an indi-
6 vidual described in section 35(a))” after “taxpayer”.

7 (c) CONFORMING AMENDMENT.—The table of sec-
8 tions for such subpart C is amended by striking the item
9 relating to section 35 and inserting the following new
10 items:

“Sec. 35. Family tax credit.

“Sec. 36. Overpayments of tax.”

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 1996.

○