

106TH CONGRESS
1ST SESSION

H. R. 419

To amend the Internal Revenue Code of 1986 to provide a tax credit to all families with young children, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 1999

Mr. SMITH of Michigan 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 tax credit to all families with young children, and for other purposes.

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. TAX CREDIT FOR ALL FAMILIES WITH YOUNG**
4 **CHILDREN.**

5 (a) GENERAL RULE.—Paragraph (1) of section 21(a)
6 of the Internal Revenue Code of 1986 is amended to read
7 as follows:

8 “(1) IN GENERAL.—In the case of an individual
9 who maintains a household which includes as a
10 member 1 or more qualifying individuals, there shall

1 be allowed as a credit against the tax imposed by
2 this chapter for the taxable year an amount equal to
3 the sum of—

4 “(A) the applicable percentage of \$2,400
5 for each young qualifying individual, and

6 “(B) the applicable percentage of the em-
7 ployment-related expenses paid by such individ-
8 ual during the taxable year with respect to dis-
9 abled qualifying individuals.”

10 (b) CONFORMING AMENDMENTS.—

11 (1) Paragraph (1) of section 21(b) of such Code
12 is amended by striking “13” and inserting “5”.

13 (2) Paragraph (2) of section 21(b) of such Code
14 is amended—

15 (A) by striking “qualifying individuals” in
16 subparagraph (A) and inserting “disabled quali-
17 fying individuals”,

18 (B) by striking “qualifying individual”
19 each place it appears in subparagraph (A) and
20 inserting “disabled qualifying individual”, and

21 (C) by amending subparagraph (B) to read
22 as follows:

23 “(B) EXCEPTION.—Employment-related
24 expenses described in subparagraph (A) which
25 are incurred for services outside the taxpayer’s

1 household shall be taken into account only if in-
2 curred for the care of a disabled qualifying indi-
3 vidual who regularly spends at least 8 hours
4 each day in the taxpayer's household.”

5 (3) Subsection (b) of section 21 of such Code
6 is amended by adding at the end the following new
7 paragraphs:

8 “(3) YOUNG QUALIFYING INDIVIDUAL.—The
9 term ‘young qualifying individual’ means any quali-
10 fying individual described in subparagraph (A) of
11 paragraph (1).

12 “(4) DISABLED QUALIFYING INDIVIDUAL.—The
13 term ‘disabled qualifying individual’ means any
14 qualifying individual described in subparagraph (B)
15 or (C) of paragraph (1).”

16 (4) Subsection (c) of section 21 of such Code
17 is amended to read as follows:

18 “(c) LIMITATION ON CREDIT.—The amount of the
19 credit determined under subsection (a) for any taxable
20 year shall not exceed—

21 “(1) the applicable percentage of \$2,400, or

22 “(2) if there are 2 or more qualifying individ-
23 uals with respect to the taxpayer for such taxable
24 year, the applicable percentage of \$4,800.

1 The amount determined under paragraph (1) or (2)
 2 (whichever is applicable) shall be reduced by the applicable
 3 percentage of the aggregate amount excludable from gross
 4 income under section 129 for the taxable year.”

5 (5) Subparagraph (B) of section 21(e)(5) of
 6 such Code is amended by striking “13” and insert-
 7 ing “5”.

8 (6) The section heading for section 21 of such
 9 Code is amended to read as follows:

10 **“SEC. 21. CREDIT FOR HOUSEHOLDS WITH YOUNG CHIL-**
 11 **DREN AND FOR EMPLOYMENT-RELATED EX-**
 12 **PENSES FOR DISABLED DEPENDENTS.”**

13 (7) The table of sections for subpart A of part
 14 IV of subchapter A of chapter 1 of such Code is
 15 amended by striking the item related to section 21
 16 and inserting:

“Sec. 21. Credit for households with young children and for em-
 ployment-related expenses for disabled dependents.”

17 (c) **EFFECTIVE DATE.**—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 1999.

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