

106TH CONGRESS
1ST SESSION

H. R. 847

To amend the Internal Revenue Code of 1986 to make the dependent care tax credit refundable and to increase the amount of allowable dependent care expenses.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1999

Mr. WEYGAND (for himself and Mr. SHOWS) 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 make the dependent care tax credit refundable and to increase the amount of allowable dependent care expenses.

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 “Care Givers Tax Re-
5 duction Act of 1999”.

6 **SEC. 2. DEPENDENT CARE TAX CREDIT.**

7 (a) MAKING CREDIT REFUNDABLE.—Part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended—

1 (1) in subpart C (relating to refundable credits)
 2 by redesignating section 35 as section 36, and
 3 (2) by moving section 21 to subpart C, insert-
 4 ing it after section 34, and redesignating it as sec-
 5 tion 35.

6 (b) INCREASE IN ALLOWABLE EXPENSES.—Sub-
 7 section (c) of section 35 of such Code (as redesignated
 8 by subsection (a) of this section) is amended—

9 (1) in paragraph (1) by striking “\$2,400” and
 10 inserting “\$4,000”, and

11 (2) in paragraph (2) by striking “\$4,800” and
 12 inserting “\$8,000”.

13 (c) CHANGE IN PHASEDOWN.—Paragraph (2) of sec-
 14 tion 35(a) of such Code (as redesignated by subsection
 15 (a) of this section) is amended to read as follows:

16 “(2) APPLICABLE PERCENTAGE DEFINED.—For
 17 purposes of paragraph (1), the term ‘applicable per-
 18 centage’ means 30 percent reduced (but not below
 19 12 percent) by 1 percentage point for each \$3,000
 20 (or fraction thereof) by which the taxpayer’s ad-
 21 justed gross income for the taxable year exceeds
 22 \$18,000.”

23 (d) INFLATION ADJUSTMENT.—Section 35 of such
 24 Code (as redesignated by subsection (a) of this section)
 25 is amended by redesignating subsection (f) as subsection

1 (g) and by adding after subsection (e) the following new
 2 subsection:

3 “(f) INFLATION ADJUSTMENT.—

4 “(1) IN GENERAL.—In the case of a taxable
 5 year beginning after 1999, each of the dollar
 6 amounts in subsection (c) shall be increased by an
 7 amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
 10 mined under section 1(f)(3) for the calendar
 11 year in which the taxable year begins, deter-
 12 mined by substituting “calendar year 1998” for
 13 “calendar year 1992” in subparagraph (B)
 14 thereof.

15 “(2) ROUNDING.—If any amount as adjusted
 16 under paragraph (1) is not a multiple of \$50, such
 17 amount shall be rounded to the next lowest multiple
 18 of \$50.”.

19 (e) CONFORMING AMENDMENTS.—

20 (1) Section 23(f)(1) of such Code is amended
 21 by striking “section 21(e)” and inserting “section
 22 35(e)”.

23 (2) Section 129 of such Code is amended—

24 (A) in subsection (a)(2)(C) by striking
 25 “section 21(e)” and inserting “section 35(e)”,

1 (B) in subsection (b)(2) by striking “sec-
 2 tion 21(d)(2)” and inserting “section 35(d)(2)”,
 3 and

4 (C) in subsection (e)(1) by striking “sec-
 5 tion 21(b)(2)” and inserting “section 35(b)(2)”.

6 (3) Section 213(e) of such Code is amended by
 7 striking “section 21” and inserting “section 35”.

8 (4) Subparagraphs (H) and (L) of section
 9 6213(g)(2) of such Code are each amended by strik-
 10 ing “section 21” and inserting “section 35”.

11 (f) CLERICAL AMENDMENTS.—

12 (1) The table of sections for subpart A of part
 13 IV of subchapter A of chapter 1 of such Code (relat-
 14 ing to refundable credits) is amended by striking the
 15 item relating to section 21.

16 (2) The table of sections for subpart C of part
 17 IV of subchapter A of chapter 1 of such Code (relat-
 18 ing to refundable credits) is amended by striking the
 19 item relating to section 35 and inserting the follow-
 20 ing new items:

“Sec. 35. Expenses for household and dependent services nec-
 essary for gainful employment.

“Sec. 36. Overpayments of tax.”

21 (g) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to expenses incurred after Decem-
 23 ber 31, 1999.