

107TH CONGRESS
1ST SESSION

S. 1122

To amend the Internal Revenue Code of 1986 to provide a refundable credit against tax with respect to education and training of developmentally disabled children.

IN THE SENATE OF THE UNITED STATES

JUNE 28, 2001

Mr. TORRICELLI 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 refundable credit against tax with respect to education and training of developmentally disabled 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. REFUNDABLE CREDIT FOR CHILD DISABILITY**
4 **EDUCATION AND TRAINING EXPENSES.**

5 (a) IN GENERAL.—Subpart C of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to refundable personal credits) is amended
8 by redesignating section 35 as section 36 and inserting
9 after section 34 the following new section:

1 **“SEC. 35. CHILD DISABILITY EDUCATION AND TRAINING EX-**
 2 **PENSES.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 4 dividual, there shall be allowed as a credit against the tax
 5 imposed by this subtitle for the taxable year an amount
 6 equal to the amount paid or incurred by the taxpayer dur-
 7 ing the taxable year for qualified child disability expenses.

8 “(b) LIMITATIONS.—

9 “(1) MAXIMUM DOLLAR AMOUNT.—The amount
 10 allowed as a credit under subsection (a) to the tax-
 11 payer for the taxable year shall not exceed \$3,000.

12 “(2) LIMITATION BASED ON ADJUSTED GROSS
 13 INCOME.—

14 “(A) IN GENERAL.—The amount of the
 15 credit allowable under subsection (a) (after ap-
 16 plication of paragraph (1)) shall be reduced
 17 (but not below zero) by \$500 for each \$1,000
 18 (or fraction thereof) by which the taxpayer’s
 19 modified adjusted gross income exceeds
 20 \$150,000.

21 “(B) MODIFIED ADJUSTED GROSS IN-
 22 COME.—For purposes of subparagraph (A), the
 23 term ‘modified adjusted gross income’ means
 24 adjusted gross income increased by any amount
 25 excluded from gross income under section 911,
 26 931, or 933.

1 “(C) COST-OF-LIVING ADJUSTMENT.—

2 “(i) IN GENERAL.—In the case of any
3 taxable year beginning in a calendar year
4 after 2002, the \$150,000 amount under
5 subparagraph (A) shall be increased by an
6 amount equal to—

7 “(I) such dollar amount, multi-
8 plied by

9 “(II) the cost-of-living adjust-
10 ment determined under section 1(f)(3)
11 for the calendar year in which the tax-
12 able year begins, determined by sub-
13 stituting ‘calendar year 2001’ for ‘cal-
14 endar year 1992’ in subparagraph (B)
15 thereof.

16 “(ii) ROUNDING RULES.—If any
17 amount after adjustment under clause (i)
18 is not a multiple of \$1,000, such amount
19 shall be rounded to the next lower multiple
20 of \$1,000.

21 “(c) QUALIFIED CHILD DISABILITY EXPENSES.—

22 For purposes of this section—

23 “(1) IN GENERAL.—The term ‘qualified child
24 disability expenses’ means amounts paid for services
25 and equipment related to education and training of

1 a qualified child of the taxpayer in connection with
2 a developmental disability of such child, including—

3 “(A) behavioral therapy,

4 “(B) speech therapy,

5 “(C) occupational therapy,

6 “(D) physical therapy,

7 “(E) auditory therapy,

8 “(F) assistive communication technology,

9 and

10 “(G) such other services as the Secretary
11 may, in consultation with the Secretary of
12 Health and Human Services and the Secretary
13 of Education, provide by regulation.

14 “(2) DEVELOPMENTAL DISABILITY.—The term
15 ‘developmental disability’ has the same meaning
16 given the term in section 102 of the Developmental
17 Disabilities Assistance and Bill of Rights Act of
18 2000 (Public Law 106-402; 114 Stat. 1682).

19 “(3) QUALIFIED CHILD.—The term ‘qualified
20 child’ means any individual if—

21 “(A) the taxpayer is allowed a deduction
22 under section 151 with respect to such indi-
23 vidual for the taxable year,

24 “(B) such individual has not attained the
25 age of 18 as of the close of the calendar year

1 in which the taxable year of the taxpayer be-
2 gins, and

3 “(C) such individual bears a relationship to
4 the taxpayer described in section 32(c)(3)(B).

5 “(d) VERIFICATION REQUIREMENTS.—

6 “(1) EXPENSES MUST BE SUBSTANTIATED.—
7 Qualified child disability expenses to which sub-
8 section (a) applies may be taken into account under
9 this section only if the taxpayer substantiates such
10 expense in such form as the Secretary may pre-
11 scribe.

12 “(2) IDENTIFICATION REQUIREMENT.—No
13 credit shall be allowed under this section with re-
14 spect to any qualified child unless the taxpayer in-
15 cludes the name and taxpayer identification number
16 of such qualified child on the return of tax for the
17 taxable year.

18 “(e) SPECIAL RULES.—

19 “(1) DENIAL OF DOUBLE BENEFIT.—

20 “(A) IN GENERAL.—No credit shall be al-
21 lowed under subsection (a) for any expense for
22 which a deduction or credit is allowed under
23 any other provision of this chapter.

24 “(B) GRANTS.—No credit shall be allowed
25 under subsection (a) for any expense to the ex-

1 tent that funds for such expense are received
2 under any Federal, State, or local program.

3 “(2) MARRIED COUPLES MUST FILE JOINT RE-
4 TURNS.—Rules similar to the rules of paragraphs
5 (2), (3), and (4) of section 21(e) shall apply for pur-
6 poses of this section.

7 “(3) BASIS ADJUSTMENT.—For purposes of
8 this subtitle, if a credit is allowed under this section
9 for any expenditure with respect to any property, the
10 increase in the basis of such property which would
11 (but for this subsection) result from such expendi-
12 ture shall be reduced by the amount of the credit so
13 allowed.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Paragraph (2) of section 1324(b) of title
16 31, United States Code, is amended by inserting be-
17 fore the period “, or from section 35 of such Code”.

18 (2) The table of sections for subpart C of part
19 IV of subchapter A of chapter 1 of the Internal Rev-
20 enue Code of 1986 is amended by striking the last
21 item and inserting the following new items:

 “Sec. 35. Child disability expenses.

 “Sec. 36. Overpayments of tax.”.

22 (3) Section 1016(a) of such Code is amended
23 by striking “and” at the end of paragraph (26), by
24 striking the period at the end of paragraph (27) and

1 inserting “, and”, and by adding at the end the fol-
2 lowing:

3 “(28) in the case of property with respect to
4 which a credit was allowed under section 35, to the
5 extent provided in section 35(e)(3).”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2001.

○