

109TH CONGRESS
1ST SESSION

S. 1824

To amend the Internal Revenue Code of 1986 to strengthen the earned
income tax credit.

IN THE SENATE OF THE UNITED STATES

OCTOBER 5, 2005

Mr. KERRY (for himself and Mr. SCHUMER) 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 strengthen
the earned income 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 “Strengthen the Earned
5 Income Tax Credit Act of 2005”.

6 **SEC. 2. STRENGTHEN THE EARNED INCOME TAX CREDIT.**

7 (a) REDUCTION IN MARRIAGE PENALTY.—

8 (1) IN GENERAL.—Section 32(b)(2)(B) of the
9 Internal Revenue Code of 1986 (relating to joint re-

1 turns) is amended by striking clauses (ii) and (iii)
2 and inserting the following new clauses:

3 “(ii) \$2,000 in the case of taxable
4 years beginning in 2005,

5 “(iii) \$3,000 in the case of taxable
6 years beginning in 2006,

7 “(iv) \$3,500 in the case of taxable
8 years beginning in 2007,

9 “(v) \$4,000 in the case of taxable
10 years beginning in 2008,

11 “(vi) \$4,500 in the case of taxable
12 years beginning in 2009, and

13 “(vii) \$5,000 in the case of taxable
14 years beginning after 2009.”.

15 (2) INFLATION ADJUSTMENT.—Section
16 32(j)(1)(B)(ii) of such Code is amended—

17 (A) by striking “\$3,000” and inserting
18 “\$5,000”, and

19 (B) by striking “2007” and inserting
20 “2009”.

21 (3) PROVISIONS NOT SUBJECT TO SUNSET.—
22 Title IX of the Economic Growth and Tax Relief
23 Reconciliation Act of 2001 (relating to sunset provi-
24 sions of such Act) shall not apply to section 303(a)
25 of such Act.

1 (b) INCREASE IN CREDIT PERCENTAGE FOR FAMI-
 2 LIES WITH 3 OR MORE CHILDREN.—The table contained
 3 in section 32(b)(1)(A) of such Code (relating to percent-
 4 ages) is amended—

5 (1) by striking “2 or more qualifying children”
 6 in the second row and inserting “2 qualifying chil-
 7 dren”, and

8 (2) by inserting after the second row the fol-
 9 lowing new item:

“3 or more qualifying children	45	21.06”.
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10 (c) REDUCTION IN PHASEOUT OF CREDIT FOR INDIVI-
 11 VIDUALS WITH NO CHILDREN.—The table contained in
 12 section 32(b)(1)(A) of such Code is amended by striking
 13 “7.65” in the third column of the third row and inserting
 14 “3.82”.

15 (d) PERMANENT EXTENSION OF SPECIAL RULE
 16 TREATING COMBAT PAY AS EARNED INCOME.—

17 (1) IN GENERAL.—Clause (vi) of section
 18 32(c)(2)(B) of such Code (relating to earned in-
 19 come) is amended to read as follows:

20 “(iv) a taxpayer may elect to treat
 21 amounts excluded from gross income by
 22 reason of section 112 as earned income.”.

23 (2) PROVISION NOT SUBJECT TO SUNSET.—
 24 Section 105 of the Working Families Tax Relief Act

1 of 2004 (relating to application of EGTRRA sunset
2 to this title) shall not apply to section 104(b) of
3 such Act.

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2005.

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