

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-

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

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

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

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

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

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

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

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

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

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

(3) PROVISIONS NOT SUBJECT TO SUNSET.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset provisions of such Act) shall not apply to section 303(a) of such Act.

(b) INCREASE IN CREDIT PERCENTAGE FOR FAMILIES WITH 3 OR MORE CHILDREN.—The table contained in section 32(b)(1)(A) of such Code (relating to percentages) is amended—

(1) by striking “2 or more qualifying children” in the second row and inserting “2 qualifying children”, and

(2) by inserting after the second row the following new item:

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

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

(1) IN GENERAL.—Clause (vi) of section 32(c)(2)(B) of such Code (relating to earned income) is amended to read as follows:

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

(2) PROVISION NOT SUBJECT TO SUNSET.—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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