

110TH CONGRESS
1ST SESSION

H. R. 2021

To amend the Internal Revenue Code of 1986 to increase the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, and to provide incentives for students to earn child care-related degrees and to work in child care facilities.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2007

Mr. RUPPERSBERGER (for himself, Mr. RANGEL, Mr. McDERMOTT, Mr. GILCHREST, Mr. LEWIS of Georgia, Mr. SHAYS, Mr. VAN HOLLEN, Mr. YOUNG of Alaska, Mrs. MALONEY of New York, Mr. KENNEDY, Mr. CUMMINGS, Mr. WYNN, Ms. NORTON, Mr. BUTTERFIELD, Ms. WATSON, Mr. DAVIS of Illinois, Mrs. GILLIBRAND, Mr. SARBANES, Mr. CUELLAR, Ms. SCHAKOWSKY, Ms. WASSERMAN SCHULTZ, Ms. MCCOLLUM of Minnesota, Mr. COHEN, and Ms. KILPATRICK) 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 increase the credit for employers establishing workplace child care facilities, to increase the child care credit to encourage greater use of quality child care services, and to provide incentives for students to earn child care-related degrees and to work in child care facilities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Right Start Child Care
3 and Education Act of 2007”.

4 **SEC. 2. INCREASE IN EMPLOYER-PROVIDED CHILD CARE**
5 **CREDIT.**

6 (a) INCREASE IN CREDITABLE PERCENTAGE OF
7 CHILD CARE EXPENDITURES.—Paragraph (1) of section
8 45F(a) of the Internal Revenue Code of 1986 is amended
9 by striking “25 percent” and inserting “35 percent”.

10 (b) INCREASE IN CREDITABLE PERCENTAGE OF RE-
11 SOURCE AND REFERRAL EXPENDITURES.—Paragraph (2)
12 of section 45F(a) of such Code is amended by striking
13 “10 percent” and inserting “20 percent”.

14 (c) INCREASE IN MAXIMUM CREDIT.—Subsection (b)
15 of section 45F of such Code is amended by striking
16 “\$150,000” and inserting “\$225,000”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 the date of the enactment of this Act.

20 **SEC. 3. INCREASE IN CHILD CARE CREDIT.**

21 (a) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-
22 ITABLE.—Subsection (c) of section 21 of the Internal Rev-
23 enue Code of 1986 is amended—

24 (1) by striking “\$3,000” and inserting
25 “\$5,000”, and

1 (2) by striking “\$6,000” and inserting
2 “\$10,000”.

3 (b) INCREASE IN INCOMES ELIGIBLE FOR FULL
4 CREDIT.—Paragraph (2) of section 21(a) of such Code is
5 amended by striking “\$15,000” and inserting “\$20,000”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 the date of the enactment of this Act.

9 **SEC. 4. 3-YEAR CREDIT FOR INDIVIDUALS HOLDING CHILD**
10 **CARE-RELATED DEGREES WHO WORK IN LI-**
11 **CENSED CHILD CARE FACILITIES.**

12 (a) IN GENERAL.—Subpart A of part IV of sub-
13 chapter A of chapter 1 of the Internal Revenue Code of
14 1986 (relating to nonrefundable personal credits) is
15 amended by inserting after section 25D the following new
16 section:

17 **“SEC. 25E. RIGHT START CHILD CARE AND EDUCATION**
18 **CREDIT.**

19 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
20 dividual who is an eligible child care provider for the tax-
21 able year, there shall be allowed as a credit against the
22 tax imposed by this chapter for the taxable year the
23 amount of \$2,000.

24 “(b) 3-YEAR CREDIT.—

1 “(1) IN GENERAL.—The credit allowable by
2 subsection (a) for any taxable year to an individual
3 shall be allowed for such year only if the individual
4 elects the application of this section for such year.

5 “(2) ELECTION.—An election to have this sec-
6 tion apply may not be made by an individual for any
7 taxable year if such an election by such individual is
8 in effect for any 3 prior taxable years.

9 “(c) ELIGIBLE CHILD CARE PROVIDER.—For pur-
10 poses of this section—

11 “(1) IN GENERAL.—The term ‘eligible child
12 care provider’ means, for any taxable year, any indi-
13 vidual if—

14 “(A) as of the close of such taxable year,
15 such individual holds a bachelor’s degree in
16 early childhood education, child care, or a re-
17 lated degree and such degree was awarded by
18 an eligible educational institution (as defined in
19 section 25A(f)(2)), and

20 “(B) during such taxable year, such indi-
21 vidual performs at least 1,200 hours of child
22 care services at a facility if—

23 “(i) the principal use of the facility is
24 to provide child care services,

1 “(ii) no more than 25 percent of the
2 children receiving child care services at the
3 facility are children (as defined in section
4 152(f)) of the individual or such individ-
5 ual’s spouse, and

6 “(iii) the facility meets the require-
7 ments of all applicable laws and regula-
8 tions of the State or local government in
9 which it is located, including the licensing
10 of the facility as a child care facility.

11 Subparagraph (B)(i) shall not apply to a facil-
12 ity which is the principal residence (within the
13 meaning of section 121) of the operator of the
14 facility.

15 “(2) CHILD CARE SERVICES.—The term ‘child
16 care services’ means child care and early childhood
17 education.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for such subpart A is amended by inserting after the item
20 relating to section 25D the following new item:

“Sec. 25E. Right Start Child Care and Education Credit.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 the date of the enactment of this Act.

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