

111TH CONGRESS  
1ST SESSION

# S. 210

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, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

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IN THE SENATE OF THE UNITED STATES

JANUARY 12, 2009

Mrs. BOXER introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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, to provide incentives for students to earn child care-related degrees and to work in child care facilities, and to increase the exclusion for employer-provided dependent care assistance.

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 2009”.

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 December 31, 2008.

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

21 (a) INCREASE IN INCOMES ELIGIBLE FOR FULL  
22 CREDIT.—Paragraph (2) of section 21(a) of the Internal  
23 Revenue Code of 1986 is amended by striking “\$30,000”  
24 and inserting “\$20,000”.

1       (b) INCREASE IN PERCENTAGE OF EXPENSES AL-  
2 LOWABLE.—Paragraph (2) of section 21(a) of such Code  
3 is amended—

4               (1) by striking “35 percent” and inserting “50  
5 percent”, and

6               (2) by striking “20 percent” and inserting “35  
7 percent”.

8       (c) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-  
9 ITABLE.—Subsection (c) of section 21 of such Code is  
10 amended—

11               (1) by striking “\$3,000” in paragraph (1) and  
12 inserting “\$6,000”, and

13               (2) by striking “\$6,000” in paragraph (2) and  
14 inserting “\$12,000”.

15       (d) CREDIT TO BE REFUNDABLE.—

16               (1) IN GENERAL.—Section 21 of such Code is  
17 hereby moved to subpart C of part IV of subchapter  
18 A of chapter 1 of such Code (relating to refundable  
19 credits) and inserted after section 36.

20               (2) TECHNICAL AMENDMENTS.—

21               (A) Section 21 of such Code, as so moved,  
22 is redesignated as section 36A.

23               (B) Paragraph (1) of section 36A(a) of  
24 such Code (as redesignated by paragraph (2))

1       is amended by striking “this chapter” and in-  
2       serting “this subtitle”.

3           (C) Paragraph (1) of section 23(f) of such  
4       Code is amended by striking “21(e)” and in-  
5       serting “36A(e)”.

6           (D) Paragraph (6) of section 35(g) of such  
7       Code is amended by striking “21(e)” and in-  
8       serting “36A(e)”.

9           (E) Subparagraph (C) of section 129(a)(2)  
10      of such Code is amended by striking “section  
11      21(e)” and inserting “section 36A(e)”.

12           (F) Paragraph (2) of section 129(b) of  
13      such Code is amended by striking “section  
14      21(d)(2)” and inserting “section 36A(d)(2)”.

15           (G) Paragraph (1) of section 129(e) of  
16      such Code is amended by striking “section  
17      21(b)(2)” and inserting “section 36A(b)(2)”.

18           (H) Subsection (e) of section 213 of such  
19      Code is amended by striking “section 21” and  
20      inserting “section 36A”.

21           (I) Subparagraph (H) of section  
22      6213(g)(2) of such Code is amended by striking  
23      “section 21” and inserting “section 36A”.

1 (J) Subparagraph (L) of section  
2 6213(g)(2) of such Code is amended by striking  
3 “section 21,” and inserting “section 36A.”.

4 (K) Paragraph (2) of section 1324(b) of  
5 title 31, United States Code, is amended by in-  
6 serting “36A,” after “36.”.

7 (L) The table of sections for subpart C of  
8 part IV of subchapter A of chapter 1 of the In-  
9 ternal Revenue Code of 1986 is amended by in-  
10 serting after the item relating to section 36 and  
11 inserting the following:

“Sec. 36A. Expenses for household and dependent care services necessary for gainful employment.”

12 (M) The table of sections for subpart A of  
13 such part IV is amended by striking the item  
14 relating to section 21.

15 (e) CERTAIN PRIOR AMENDMENTS TO CREDIT MADE  
16 PERMANENT.—Section 901 of the Economic Growth and  
17 Tax Relief Reconciliation Act of 2001 shall not apply to  
18 the amendments made by section 204 of such Act.

19 (f) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 2008.

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

4       (a) **IN GENERAL.**—Subpart A of part IV of sub-  
5 chapter A of chapter 1 of the Internal Revenue Code of  
6 1986 (relating to nonrefundable personal credits) is  
7 amended by inserting after section 25D the following new  
8 section:

9   **“SEC. 25E. RIGHT START CHILD CARE AND EDUCATION**  
10                   **CREDIT.**

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

16       “(b) **3-YEAR CREDIT.**—

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

21       “(2) **ELECTION.**—An election to have this sec-  
22 tion apply may not be made by an individual for any  
23 taxable year if such an election by such individual is  
24 in effect for any 3 prior taxable years.

25       “(c) **ELIGIBLE CHILD CARE PROVIDER.**—For pur-  
26 poses of this section—

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

4           “(A) as of the close of such taxable year,  
5        such individual holds a bachelor’s degree in  
6        early childhood education, child care, or a re-  
7        lated degree and such degree was awarded by  
8        an eligible educational institution (as defined in  
9        section 25A(f)(2)), and

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

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

15           “(ii) no more than 25 percent of the  
16        children receiving child care services at the  
17        facility are children (as defined in section  
18        152(f)) of the individual or such individ-  
19        ual’s spouse, and

20           “(iii) the facility meets the require-  
21        ments of all applicable laws and regula-  
22        tions of the State or local government in  
23        which it is located, including the licensing  
24        of the facility as a child care facility.

1 Subparagraph (B)(i) shall not apply to a facil-  
2 ity which is the principal residence (within the  
3 meaning of section 121) of the operator of the  
4 facility.

5                   “(2) CHILD CARE SERVICES.—The term ‘child  
6                   care services’ means child care and early childhood  
7                   education.”.

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

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

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 2008.

14 SEC. 5. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-  
15 VIDED DEPENDENT CARE ASSISTANCE.

16 (a) IN GENERAL.—Subparagraph (A) of section  
17 129(a)(2) of the Internal Revenue Code of 1986 (relating  
18 to dependent care assistance programs) is amended by  
19 striking “\$5,000 (\$2,500” and inserting “\$7,500  
20 (\$3,750”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2008.

