

111TH CONGRESS  
1ST SESSION

# S. 24

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

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IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2009

Mr. KERRY (for himself and Mr. ROCKEFELLER) 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 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 2009”.

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

7       (a) REDUCTION IN MARRIAGE PENALTY.—

8               (1) IN GENERAL.—Subparagraph (B) of section  
9       32(b)(2) of the Internal Revenue Code of 1986 is

1 amended by striking “increased by” and all that fol-  
 2 lows and inserting “increased by \$5,000.”.

3 (2) INFLATION ADJUSTMENT.—Clause (ii) of  
 4 section 32(j)(1)(B) of such Code is amended—

5 (A) by striking “\$3,000 amount in sub-  
 6 section (b)(2)(B)(iii)” and inserting “\$5,000  
 7 amount in subsection (b)(2)(B)”, and

8 (B) by striking “calendar year 2007” and  
 9 inserting “calendar year 2008”.

10 (b) INCREASE IN CREDIT PERCENTAGE FOR FAMI-  
 11 LIES WITH 3 OR MORE CHILDREN.—The table contained  
 12 in section 32(b)(1)(A) of the Internal Revenue Code of  
 13 1986 (relating to percentages) is amended—

14 (1) by striking “2 or more qualifying children”  
 15 in the second row and inserting “2 qualifying chil-  
 16 dren”, and

17 (2) by inserting after the second row the fol-  
 18 lowing new item:

“3 or more qualifying children .....	45 .....	21.06”.
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19 (c) INCREASED CREDIT FOR INDIVIDUALS WITH NO  
 20 QUALIFYING CHILDREN.—

21 (1) IN GENERAL.—The table in subparagraph  
 22 (A) of section 32(b)(2) of the Internal Revenue Code  
 23 of 1986 is amended—

1 (A) by striking “\$4,220” in the second col-  
 2 umn and inserting “\$7,250”, and

3 (B) by striking “\$5,280” in the last col-  
 4 umn and inserting “\$14,500”.

5 (2) TRANSITIONAL PHASEOUT AMOUNT FOR  
 6 2009.—

7 (A) IN GENERAL.—Section 32(b)(2) of  
 8 such Code, as amended by subsection (a), is  
 9 amended by redesignating subparagraph (B) as  
 10 subparagraph (C) and by inserting after sub-  
 11 paragraph (A) the following new subparagraph:

12 “(B) TRANSITIONAL PHASEOUT AMOUNT  
 13 FOR ELIGIBLE INDIVIDUALS WITH NO QUALI-  
 14 FYING CHILDREN IN 2009.—In the case of tax-  
 15 able years beginning in 2009, the phaseout  
 16 amount for an eligible individual with no quali-  
 17 fying children shall be \$13,800.”.

18 (B) CONFORMING AMENDMENT.—Subpara-  
 19 graph (C) of section 32(b)(2) of such Code, as  
 20 redesignated by paragraph (2), is amended by  
 21 inserting “or (B)” after “subparagraph (A)”.

22 (3) INFLATION ADJUSTMENTS.—Subparagraph  
 23 (B) of section 32(j)(1) of the Internal Revenue Code  
 24 of 1986, as amended by subsection (a), is amend-  
 25 ed—

1 (A) in clause (i)—

2 (i) by inserting “(other than the  
3 amounts relating to individuals with no  
4 qualifying children)” after “(b)(2)(A)”,  
5 and

6 (ii) by striking “and” at the end,

7 (B) in clause (ii)—

8 (i) by striking “(b)(2)(B)” and insert-  
9 ing “(b)(2)(C) and the \$7,250 amount in  
10 the table in subsection (b)(2)(A)”, and

11 (ii) by striking the period and insert-  
12 ing “, and”, and

13 (C) by adding at the end the following new  
14 clause:

15 “(iii) in the case of the \$14,500  
16 amount in the table in subsection  
17 (b)(2)(A), by substituting ‘calendar year  
18 2009’ for ‘calendar year 1992’ in subpara-  
19 graph (B) of such section 1.”.

20 (d) CREDIT INCREASE AND REDUCTION IN PHASE-  
21 OUT FOR INDIVIDUALS WITH NO CHILDREN.—The table  
22 contained in section 32(b)(1)(A) of the Internal Revenue  
23 Code of 1986 is amended—

24 (1) by striking “7.65” in the second column of  
25 the third row and inserting “15.3”, and

1           (2) by striking “7.65” in the third column of  
2           the third row and inserting “15.3”.

3           (e) CREDIT ALLOWED FOR CERTAIN CHILDLESS IN-  
4           DIVIDUALS OVER AGE 21.—Subclause (II) of section  
5           32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 (re-  
6           lating to eligible individual) is amended by striking “age  
7           25” and inserting “age 21”.

8           (f) MODIFICATION OF ABANDONED SPOUSE RULE.—

9           (1) IN GENERAL.—Section 32(c)(1) of the In-  
10          ternal Revenue Code of 1986 (relating to eligible in-  
11          dividual) is amended by adding at the end the fol-  
12          lowing new paragraph:

13                   “(G) CERTAIN MARRIED INDIVIDUALS LIV-  
14                   ING APART.—For purposes of this section, an  
15                   individual who—

16                           “(i) is married (within the meaning of  
17                           section 7703(a)) and files a separate re-  
18                           turn for the taxable year,

19                           “(ii) lives with a qualifying child of  
20                           the individual for more than one-half of  
21                           such taxable year, and

22                           “(iii) during the last 6 months of such  
23                           taxable year, does not have the same prin-  
24                           cipal place of abode as the individual’s

1 spouse, shall not be considered as mar-  
 2 ried.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) The last sentence of section  
 5 32(c)(1)(A) of the Internal Revenue Code of  
 6 1986 is amended by striking “section 7703”  
 7 and inserting “section 7703(a)”.

8 (B) Section 32(d) of such Code is amended  
 9 by striking “In the case of an individual who is  
 10 married (within the meaning of section 7703)”  
 11 and inserting “In the case of an individual who  
 12 is married (within the meaning of section  
 13 7703(a)) and is not described in subsection  
 14 (c)(1)(G)”.

15 (g) ELIMINATION OF DISQUALIFIED INVESTMENT  
 16 INCOME TEST.—

17 (1) IN GENERAL.—Section 32 of the Internal  
 18 Revenue Code of 1986 is amended by striking sub-  
 19 section (i).

20 (2) CONFORMING AMENDMENTS.—

21 (A) Section 32(j)(1)(B)(i) of such Code, as  
 22 amended by this Act, is amended—

23 (i) by striking “subsections” and in-  
 24 serting “subsection”, and

25 (ii) by striking “and (i)(1)”.

1 (B) Section 32(j)(2) of such Code is  
 2 amended to read as follows:

3 “(2) ROUNDING.—If any dollar amount in sub-  
 4 section (b)(2)(A) (after being increased under sub-  
 5 paragraph (B) thereof), after being increased under  
 6 paragraph (1), is not a multiple of \$10, such  
 7 amount shall be rounded to the next nearest mul-  
 8 tiple of \$10.”.

9 (h) SIMPLIFICATION OF RULES REGARDING PRES-  
 10 ENCE OF QUALIFYING CHILD.—

11 (1) TAXPAYER ELIGIBLE FOR CREDIT FOR  
 12 WORKER WITHOUT QUALIFYING CHILD IF QUALI-  
 13 FYING CHILD CLAIMED BY ANOTHER MEMBER OF  
 14 FAMILY.—Section 32(c)(1) of the Internal Revenue  
 15 Code of 1986 (relating to eligible individual), as  
 16 amended by this Act, is amended by adding at the  
 17 end the following new paragraph:

18 “(H) TAXPAYER ELIGIBLE FOR CREDIT  
 19 FOR WORKER WITHOUT QUALIFYING CHILD IF  
 20 QUALIFYING CHILD CLAIMED BY ANOTHER  
 21 MEMBER OF FAMILY.—

22 “(i) GENERAL RULE.—Except as pro-  
 23 vided in clause (ii), in the case of 2 or  
 24 more eligible individuals who may claim for  
 25 such taxable year the same individual as a

1           qualifying child, if such individual is  
 2           claimed as a qualifying child by such an el-  
 3           igible individual, then any other such eligi-  
 4           ble individual who does not make such a  
 5           claim of such child or of any other quali-  
 6           fying child may be considered an eligible  
 7           individual without a qualifying child for  
 8           purposes of the credit allowed under this  
 9           section for such taxable year.

10           “(ii) EXCEPTION IF QUALIFYING  
 11           CHILD CLAIMED BY PARENT.—If an indi-  
 12           vidual is claimed as a qualifying child for  
 13           any taxable year by an eligible individual  
 14           who is a parent of such child, then no  
 15           other parent of such child who does not  
 16           make such a claim of such child or of any  
 17           other qualifying child may be considered  
 18           an eligible individual without a qualifying  
 19           child for purposes of the credit allowed  
 20           under this section for such taxable year.”.

21           (2) TAXPAYER ELIGIBLE FOR CREDIT FOR  
 22           WORKER WITHOUT QUALIFYING CHILD IF QUALI-  
 23           FYING CHILDREN DO NOT HAVE VALID SOCIAL SECU-  
 24           RITY NUMBER.—Subparagraph (F) of section



1        32(c)(1) of the Internal Revenue Code of 1986 is  
2        amended to read as follows:

3                “(F) INDIVIDUALS WHO DO NOT INCLUDE  
4                TIN, ETC., OF ANY QUALIFYING CHILD.—In the  
5                case of any eligible individual who has one or  
6                more qualifying children, if no qualifying child  
7                of such individual is taken into account under  
8                subsection (b) by reason of paragraph (3)(D),  
9                for purposes of the credit allowed under this  
10              section, such individual may be considered an  
11              eligible individual without a qualifying child.”.

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

15        (j) REPEAL OF EGTRRA SUNSET.—Title IX of the  
16        Economic Growth and Tax Relief Reconciliation Act of  
17        2001 (relating to sunset provisions of such Act) shall not  
18        apply to section 303 of such Act.

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