

113TH CONGRESS
2D SESSION

H. R. 5258

To amend the Internal Revenue Code of 1986 to index the dependent care credit and income exclusion for inflation.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2014

Mrs. CAPITO (for herself, Mrs. McMORRIS RODGERS, Mrs. WAGNER, Mrs. ELLMERS, Mrs. BACHMANN, Mr. VALADAO, Mr. RODNEY DAVIS of Illinois, Ms. GRANGER, Mrs. LUMMIS, and Mr. FITZPATRICK) 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 index the dependent care credit and income exclusion for inflation.

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 “Families First Act”.

5 **SEC. 2. INFLATION ADJUSTMENTS OF CREDIT AND EXCLU-**
6 **SION FOR DEPENDENT CARE EXPENSES.**

7 (a) CREDIT.—

(1) IN GENERAL.—Section 21(e) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(11) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2014, the dollar amounts in subsections (a)(2) and (c)(2) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING.—Any increase determined under subparagraph (A) shall be rounded to the nearest multiple of \$10.”.

(2) DOLLAR LIMIT ON AMOUNT CREDITABLE.—

Section 21(c)(1) of the Internal Revenue Code of 1986 is amended by striking “\$3,000” and inserting “50 percent of the amount in effect under paragraph (2) for the taxable year”.

(b) EXCLUSION.—

1 (1) IN GENERAL.—Section 129(e) of the Inter-
2 nal Revenue Code of 1986 is amended by adding at
3 the end the following new paragraph:

4 “(10) INFLATION ADJUSTMENT.—

5 “(A) IN GENERAL.—In the case of any
6 taxable year beginning in a calendar year after
7 2014, the dollar amount in subsection (a)(2)(A)
8 shall be increased by an amount equal to—

9 “(i) such dollar amount, multiplied by

10 “(ii) the cost-of-living adjustment de-
11 termined under section 1(f)(3) for the cal-
12 endar year in which the taxable year be-
13 gins, determined by substituting ‘calendar
14 year 2013’ for ‘calendar year 1992’ in sub-
15 paragraph (B) thereof.

16 “(B) ROUNDING.—Any increase deter-
17 mined under subparagraph (A) shall be rounded
18 to the nearest multiple of \$10.”.

19 (2) LIMITATION ON EXCLUSION.—Section
20 129(a)(2)(A) of the Internal Revenue Code of 1986
21 is amended by striking “\$2,500” and inserting “50
22 percent of such amount”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

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