

113TH CONGRESS
1ST SESSION

S. 438

To amend the Internal Revenue Code of 1986 to provide a tax credit for professional school personnel in early childhood education, to expand the deduction for certain expenses of teachers to teachers in early childhood education, and to modify the credit for dependent care services.

IN THE SENATE OF THE UNITED STATES

MARCH 4, 2013

Mr. REID (for Mr. BEGICH) 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 provide a tax credit for professional school personnel in early childhood education, to expand the deduction for certain expenses of teachers to teachers in early childhood education, and to modify the credit for dependent care services.

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 “Tax Credit for Early
5 Educators Act of 2013”.

1 **SEC. 2. TAX CREDIT FOR PROFESSIONAL SCHOOL PER-**
 2 **SONNEL IN EARLY CHILDHOOD EDUCATION.**

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

8 **“SEC. 25E. PROFESSIONAL SCHOOL PERSONNEL IN EARLY**
 9 **CHILDHOOD EDUCATION.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 11 gible individual, there shall be allowed as a credit against
 12 the tax imposed by this chapter for the taxable year an
 13 amount equal to \$3,000.

14 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
 15 section—

16 “(1) IN GENERAL.—The term ‘eligible indi-
 17 vidual’ means any individual—

18 “(A) who is employed in a position which
 19 involves regular contact with students in an
 20 early childhood school or program, and

21 “(B) whose position involves the formula-
 22 tion or implementation of the educational pro-
 23 gram for such school or program.

24 “(2) EARLY CHILDHOOD SCHOOL OR PRO-
 25 GRAM.—The term ‘early childhood school or pro-
 26 gram’ means any school or program which provides

1 early childhood education, as determined under
2 State law.

3 “(c) COST-OF-LIVING ADJUSTMENT.—

4 “(1) IN GENERAL.—In the case of any taxable
5 year beginning in a calendar year after 2013, the
6 \$3,000 amount contained in subsection (a) shall be
7 increased by an amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for the calendar
11 year in which the taxable year begins, by sub-
12 stituting ‘calendar year 2012’ for ‘calendar year
13 1992’ in subparagraph (B) thereof.

14 “(2) ROUNDING.—If any increase determined
15 under paragraph (1) is not a multiple of \$10, such
16 increase shall be increased to the next highest mul-
17 tiple of \$10.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for subpart A of part IV of subchapter A of chapter 1
20 of such Code is amended by inserting after the item relat-
21 ing to section 25D the following new item:

“Sec. 25E. Professional school personnel in early childhood education.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2012.

1 **SEC. 3. DEDUCTION FOR CERTAIN EXPENSES OF EARLY**
 2 **CHILDHOOD, PRESCHOOL, ELEMENTARY AND**
 3 **SECONDARY SCHOOL TEACHERS.**

4 (a) IN GENERAL.—Subparagraph (D) of section
 5 62(a)(2) of the Internal Revenue Code of 1986 (relating
 6 to certain expenses of elementary and secondary school
 7 teachers) is amended to read as follows:

8 “(D) CERTAIN EXPENSES OF EARLY
 9 CHILDHOOD, PRESCHOOL, ELEMENTARY AND
 10 SECONDARY SCHOOL TEACHERS.—In the case
 11 of taxable years beginning before 2018, the de-
 12 ductions allowed by section 162 which consist of
 13 expenses, not in excess of the applicable
 14 amount, paid or incurred by an eligible educa-
 15 tor in connection with books, supplies (other
 16 than nonathletic supplies for courses of instruc-
 17 tion in health or physical education), computer
 18 equipment (including related software and serv-
 19 ices) and other equipment, and supplementary
 20 materials used by the eligible educator in the
 21 classroom.”.

22 (b) DEFINITIONS.—Subsection (d) of section 62 of
 23 such Code (relating to definition; special rules) is amended
 24 to read as follows:

25 “(d) DEFINITIONS RELATING TO EARLY CHILD-
 26 HOOD, PRESCHOOL, ELEMENTARY AND SECONDARY

1 SCHOOL TEACHERS.—For purposes of subsection
2 (a)(2)(D) and this subsection—

3 “(1) APPLICABLE AMOUNT.—The term ‘applica-
4 ble amount’ means—

5 “(A) \$500 in the case of a full-time educa-
6 tor, and

7 “(B) \$250 in any other case.

8 “(2) ELIGIBLE EDUCATOR.—The term ‘eligible
9 educator’ means, with respect to any taxable year,
10 an individual who is—

11 “(A) a kindergarten through grade 12
12 teacher, instructor, counselor, principal, or aide
13 in a school for at least 450 hours during a
14 school year which ends during such taxable
15 year, or

16 “(B) a teacher, instructor, counselor, or
17 aid in a preschool or early childhood program
18 for at least 450 hours during the taxable year.

19 “(3) FULL-TIME EDUCATOR.—The term ‘full-
20 time educator’ means, with respect to any taxable
21 year, an individual who for such taxable year satis-
22 fies the requirements of subparagraph (A) or (B) of
23 paragraph (2) applied by substituting ‘900 hours’
24 for ‘450 hours’ therein.

1 “(4) SCHOOL.—The term ‘school’ means any
2 school which provides elementary education or sec-
3 ondary education (kindergarten through grade 12),
4 as determined under State law.

5 “(5) PRESCHOOL OR EARLY CHILDHOOD PRO-
6 GRAM.—The term ‘preschool or early childhood pro-
7 gram’ means any program which—

8 “(A) is for providing preschool and re-
9 ceives funds for carrying out preschool pro-
10 grams pursuant to—

11 “(i) part A of title I of the Elemen-
12 tary and Secondary Education Act of
13 1965, or

14 “(ii) subpart 2 of part B of title I of
15 such Act, or

16 “(B) is an early childhood program, as de-
17 fined under section 103 of the Higher Edu-
18 cation Act of 1965.”.

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

1 **SEC. 4. MODIFICATION OF CREDIT FOR DEPENDENT CARE**
2 **SERVICES.**

3 (a) **IN GENERAL.**—Subsection (a) of section 21 of the
4 Internal Revenue Code of 1986 is amended to read as fol-
5 lows:

6 “(a) **ALLOWANCE OF CREDIT.**—In the case of an in-
7 dividual for which there are 1 or more qualifying individ-
8 uals (as defined in subsection (b)(1)) with respect to such
9 individual, there shall be allowed as a credit against the
10 tax imposed by this chapter for the taxable year an
11 amount equal to 35 percent of the employment-related ex-
12 penses (as defined in subsection (b)(2)) paid by such indi-
13 vidual during the taxable year.”.

14 (b) **EFFECTIVE DATE.**—The amendments made by
15 this section shall apply to taxable years beginning after
16 the date of the enactment of this Act.

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