II

114TH CONGRESS
1ST SESSION

S. 2264

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

IN THE SENATE OF THE UNITED STATES

NOVEMBER 10, 2015

Mr. BENNET 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 child tax credit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Child Tax Credit Improvement Act".

SEC. 2. EXPANSION OF THE CHILD TAX CREDIT.

(a) INCREASE IN AMOUNT OF CREDIT FOR YOUNG CHILDREN.—Subsection (a) of section 24 of the Internal Revenue Code of 1986 is amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) with respect to each qualifying child of the taxpayer who has attained 6 years of age by the close of the taxable year and for which the taxpayer is allowed a deduction under section 151, $1,000, and

"(2) with respect to each qualifying child of the taxpayer who has not attained 6 years of age by the close of the taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to three times the dollar amount applicable under paragraph (1).".

(b) MODIFICATION OF LIMITATIONS.—Paragraph (1) of section 24(b) of the Internal Revenue Code of 1986 is amended to read as follows:

"(1) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—

"(i) LIMITATION ON CREDIT FOR QUALIFYING CHILDREN WHO HAVE NOT ATTAINED 6 YEARS OF AGE.—The amount of the credit allowable under subsection (a)(2) shall be reduced (but not below zero) by $150 for each $1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds the threshold amount.

"(ii) LIMITATION ON CREDIT FOR QUALIFYING CHILDREN WHO HAVE ATTAINED 6 YEARS OF AGE.—The amount of the credit allowable under subsection (a)(1) shall be reduced (but not below zero) by $50 for each $1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds—

"(I) in the case of a taxpayer for which no credit is allowable under subsection (a)(2), the threshold amount, or

"(II) in the case of a taxpayer for which a credit is allowable under subsection (a)(2), the dollar amount of the modified adjusted gross income of the taxpayer at which the credit allowable under subsection (a)(2) is reduced to zero.

"(B) DEFINITION.—For purposes of this paragraph, the term 'modified adjusted gross income' means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.''.

(c) INCREASE IN REFUNDABLE PORTION.—

(1) IN GENERAL.—Clause (i) of section 24(d)(1)(B) of the Internal Revenue Code of 1986 is amended to read as follows:

''(i) an amount equal to—

''(I) in the case of a taxpayer for which a credit is allowable under subsection (a)(2), 45 percent of the taxpayer's earned income (within the meaning of section 32) which is taken into account in computing taxable income for the taxable year, or

''(II) in the case of a taxpayer for which a credit is allowable under subsection (a)(1) and for which no credit is allowable under subsection (a)(2), 15 percent of the taxpayer's earned income (within the meaning of section 32) which is taken into account in computing taxable income for the taxable year, or''.

(2) CONFORMING AMENDMENT.—Subsection (d) of section 24 of such Code is amended by striking paragraph (4).

(3) ELIMINATION OF INFLATION ADJUSTMENT.—Subsection (d) of section 24 of such Code is amended by striking paragraph (3).

(d) INFLATION ADJUSTMENTS.—Section 24 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(g) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2015, the $1,000 amount in subsection (a)(1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) 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 2014' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

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