II

114TH CONGRESS
1ST SESSION

S. 661

To amend the Internal Revenue Code of 1986 to enhance the dependent care tax credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 4, 2015

Mrs. MURRAY (for herself, Mrs. SHAHEEN, Mr. BROWN, Mr. DURBIN, Mr. REID, Mr. SCHUMER, Ms. STABENOW, Mr. WYDEN, and Mrs. GILLIBRAND) 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 enhance the dependent care tax credit, and for other purposes.

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 ‘‘Helping Working Families Afford Child Care Act’’.

SEC. 2. ENHANCEMENT OF THE DEPENDENT CARE TAX CREDIT.

(a) INCREASE IN DEPENDENT CARE TAX CREDIT.—

(1) INCREASE IN INCOMES ELIGIBLE FOR FULL CREDIT.—Paragraph (2) of section 21(a) of the Internal Revenue Code of 1986 is amended to read as follows:

"(2) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (1), the term 'applicable percentage' means 35 percent reduced (but not below zero) by 1 percentage point for each $5,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds $110,000.".

(2) INCREASE IN DOLLAR LIMIT ON AMOUNT CREDITABLE.—Subsection (c) of section 21 of the Internal Revenue Code of 1986 is amended—

(A) by striking "$3,000" in paragraph (1) and inserting "$8,000", and

(B) by striking "$6,000" in paragraph (2) and inserting "$16,000".

(3) INFLATION ADJUSTMENT.—Section 21 of the Internal Revenue Code of 1986 is amended—

(A) by redesignating subsection (f) as subsection (g), and

(B) by inserting after subsection (e) the following new subsection:

"(f) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—In the case of any taxable year beginning after 2016, the $110,000 amount in subsection (a)(2) and each of the dollar amounts in subsection (c) shall each 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, by substituting '2015' for '1992' in subparagraph (B) thereof.

"(2) ROUNDING.—The amount of any increase under paragraph (1) shall be rounded—

"(A) for purposes of the dollar amount in subsection (a)(2), the nearest multiple of $1,000, and

"(B) for purposes of the dollar amounts in subsection (c), the nearest multiple of $100.".

(b) DEPENDENT CARE TAX CREDIT TO BE REFUNDABLE.—

(1) IN GENERAL.—The Internal Revenue Code of 1986 is amended—

(A) by redesignating section 21, as amended by subsection (a), as section 36C, and

(B) by moving section 36C, as so redesignated, from subpart A of part IV of subchapter A of chapter 1 to the location immediately before section 37 in subpart C of part IV of subchapter A of chapter 1.

(2) TECHNICAL AMENDMENTS.—

(A) Paragraph (1) of section 23(f) of the Internal Revenue Code of 1986 is amended by striking "21(e)" and inserting "36C(e)".

(B) Paragraph (6) of section 35(g) of such Code is amended by striking "21(e)" and inserting "36C(e)".

(C) Paragraph (1) of section 36C(a) of such Code (as redesignated by paragraph (1)) is amended by striking "this chapter" and inserting "this subtitle".

(D) Subparagraph (C) of section 129(a)(2) of such Code is amended by striking "section 21(e)" and inserting "section 36C(e)".

(E) Paragraph (2) of section 129(b) of such Code is amended by striking "section 21(d)(2)" and inserting "section 36C(d)(2)".

(F) Paragraph (1) of section 129(e) of such Code is amended by striking "section 21(b)(2)" and inserting "section 36C(b)(2)".

(G) Subsection (e) of section 213 of such Code is amended by striking "section 21" and inserting "section 36C".

(H) Subparagraph (A) of section 6211(b)(4) of such Code is amended by inserting "36C," after "36B,".

(I) Subparagraph (H) of section 6213(g)(2) of such Code is amended by striking "section 21" and inserting "section 36C".

(J) Subparagraph (L) of section 6213(g)(2) of such Code is amended by striking "section 21, 24, 32," and inserting "section 24, 32, 36C,".

(K) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting "36C," after "36B,".

(L) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 36B the following:

"Sec. 36C. Expenses for household and dependent care services necessary for gainful employment.".

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

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

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