

116TH CONGRESS  
1ST SESSION

# H. R. 3397

To amend the Internal Revenue Code to increase the exclusion for employer-provided dependent care assistance and to allow individuals to carry forward dependent care flexible spending arrangement account balances.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2019

Mrs. WAGNER (for herself, Mr. KING of New York, Mr. STIVERS, and Mr. RODNEY DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code to increase the exclusion for employer-provided dependent care assistance and to allow individuals to carry forward dependent care flexible spending arrangement account balances.

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 “Child and Dependent  
5       Care Modernization Act of 2019”.

1 **SEC. 2. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**  
2 **VIDED DEPENDENT CARE ASSISTANCE.**

3 (a) IN GENERAL.—Section 129(a)(2) of the Internal  
4 Revenue Code of 1986 is amended—

5 (1) by striking “shall not exceed” in subpara-  
6 graph (A) and all that follows and inserting the fol-  
7 lowing: “shall not exceed—

8 “(i) \$8,000 (half such dollar amount  
9 in the case of a separate return by a mar-  
10 ried individual) if there is 1 qualifying in-  
11 dividual with respect to the taxpayer dur-  
12 ing such taxable year, or

13 “(ii) \$16,000 (half such dollar amount  
14 in the case of such a separate return) if  
15 there are 2 or more qualifying individuals  
16 with respect to the taxpayer during such  
17 taxable year.”, and

18 (2) by adding at the end the following new sub-  
19 paragraph:

20 “(D) QUALIFYING INDIVIDUAL.—For pur-  
21 poses of this paragraph, the term ‘qualifying in-  
22 dividual’ has the meaning given to such term  
23 under section 21(b)(1).”.

24 (b) INFLATION ADJUSTMENT.—Section 129(a)(2) of  
25 such Code is amended by redesignating subparagraph (C)

1 as subparagraph (D) and by inserting after subparagraph  
 2 (B) the following new subparagraph:

3 “(C) INFLATION ADJUSTMENT.—In the  
 4 case of any taxable year beginning in a calendar  
 5 year after 2020, the dollar amounts in subpara-  
 6 graph (A) shall each be increased by an amount  
 7 equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-  
 10 termined under section 1(f)(3) for the cal-  
 11 endar year in which the taxable year be-  
 12 gins, determined by substituting ‘calendar  
 13 year 2019’ for ‘calendar year 2016’ in sub-  
 14 paragraph (A)(ii) thereof.

15 Any increase determined under the preceding  
 16 sentence shall be rounded to the nearest mul-  
 17 tiple of \$100.”.

18 (c) EFFECTIVE DATE.—The amendment made by  
 19 this section shall apply to taxable years beginning after  
 20 December 31, 2019.

21 **SEC. 3. CARRYFORWARD FOR DEPENDENT CARE FLEXIBLE**  
 22 **SPENDING ARRANGEMENT ACCOUNT BAL-**  
 23 **ANCE.**

24 (a) IN GENERAL.—Section 125 of the Internal Rev-  
 25 enue Code of 1986 is amended by redesignating sub-

1 sections (k) and (l) as subsections (l) and (m), respec-  
2 tively, and by inserting after subsection (j) the following  
3 new subsection:

4       “(k) CARRYFORWARD.—For purposes of this title, a  
5 plan or other arrangement shall not fail to be treated as  
6 a cafeteria plan or flexible spending arrangement for a  
7 plan year merely because such arrangement provides that  
8 an amount not exceeding the amount with respect to such  
9 individual under section 129(a)(2) in effect for the suc-  
10 ceeding plan year may be carried forward to the suc-  
11 ceeding plan year.”.

12       (b) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2019.

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