

117TH CONGRESS
2D SESSION

S. 4589

To amend the Internal Revenue Code of 1986 to adjust certain credits and deductions for inflation.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2022

Mr. GRASSLEY 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 adjust certain credits and deductions 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 “Family and Commu-
5 nity Inflation Relief Act of 2022”.

6 **SEC. 2. CHILD TAX CREDIT.**

7 (a) IN GENERAL.—Subsection (f) of section 24 of the
8 Internal Revenue Code of 1986 is amended—

(1) by striking “TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except” and inserting “SPECIAL RULES.—

“(1) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except”, and

(2) by adding at the end the following new paragraph:

“(2) ADJUSTMENT FOR INFLATION.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2021, the \$1,000 amount in subsection (a) and each of the dollar amounts in subsection (b)(2) shall 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 ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(B) ROUNDING.—If any increase under subparagraph (A)—

“(i) is not a multiple of \$100, in the case of the amount in subsection (a), such increase shall be rounded to the next lowest multiple of \$100, or

1 “(ii) is not a multiple of \$1,000, in
 2 the case of the amounts in subsection
 3 (b)(2), such increase shall be rounded to
 4 the next lowest multiple of \$1,000.”.

5 (b) SPECIAL RULES FOR TAXABLE YEARS THROUGH
 6 2025.—

7 (1) IN GENERAL.—Subsection (h) of section 24
 8 of such Code is amended by adding at the end the
 9 following new paragraph:

10 “(8) ADJUSTMENT FOR INFLATION.—

11 “(A) IN GENERAL.—In the case of a tax-
 12 able year beginning after 2021, the \$2,000
 13 amount in paragraph (2) and each of the dollar
 14 amounts in paragraph (3) shall be increased by
 15 an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-
 18 termined under section 1(f)(3) for the cal-
 19 endar year in which the taxable year be-
 20 gins, determined by substituting ‘2020’ for
 21 ‘2016’ in subparagraph (A)(ii) thereof.

22 “(B) ROUNDING.—If any increase under
 23 subparagraph (A)—

24 “(i) is not a multiple of \$100, in the
 25 case of the amount in paragraph (2), such

1 increase shall be rounded to the next low-
 2 est multiple of \$100, or

3 “(ii) is not a multiple of \$1,000, in
 4 the case of the amounts in paragraph (3),
 5 such increase shall be rounded to the next
 6 lowest multiple of \$1,000.”.

7 (2) PARTIAL CREDIT FOR CERTAIN OTHER DE-
 8 PENDENTS.—Paragraph (4) of section 24(h) of such
 9 Code is amended by adding at the end the following
 10 new subparagraph:

11 “(D) ADJUSTMENT FOR INFLATION.—In
 12 the case of a taxable year beginning after 2021,
 13 the \$500 amount in subparagraph (A) shall be
 14 increased by an amount equal to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the cost-of-living adjustment de-
 17 termined under section 1(f)(3) for the cal-
 18 endar year in which the taxable year be-
 19 gins, determined by substituting ‘2020’ for
 20 ‘2016’ in subparagraph (A)(ii) thereof.

21 If any increase under this paragraph is not a
 22 multiple of \$50, such increase shall be rounded
 23 to the next lowest multiple of \$50.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2021.

4 **SEC. 3. CREDIT FOR HOUSEHOLD AND DEPENDENT CARE**
 5 **SERVICES.**

6 (a) IN GENERAL.—Subsection (e) of section 21 of the
 7 Internal Revenue Code of 1986 is amended by adding at
 8 the end the following new paragraph:

9 “(11) ADJUSTMENTS FOR INFLATION.—

10 “(A) IN GENERAL.—In the case of a tax-
 11 able year beginning after 2021, the \$15,000
 12 amount in subsection (a)(2) and the \$3,000
 13 and \$6,000 amounts in subsection (c) shall
 14 each be increased by an amount equal to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the cost-of-living adjustment de-
 17 termined under section 1(f)(3) for the cal-
 18 endar year in which the taxable year be-
 19 gins, determined by substituting ‘2020’ for
 20 ‘2016’ in subparagraph (A)(ii) thereof.

21 “(B) ROUNDING.—If any increase under
 22 subparagraph (A)—

23 “(i) is not a multiple of \$100, in the
 24 case of the amounts in subsection (c), such

1 increase shall be rounded to the next low-
 2 est multiple of \$100, or

3 “(ii) is not a multiple of \$1,000, in
 4 the case of the amount in subsection
 5 (a)(2), such increase shall be rounded to
 6 the next lowest multiple of \$1,000.”.

7 (b) EFFECTIVE DATE.—The amendment made by
 8 this section shall apply to taxable years beginning after
 9 December 31, 2021.

10 **SEC. 4. AMERICAN OPPORTUNITY AND LIFETIME LEARN-**
 11 **ING CREDITS.**

12 (a) AMERICAN OPPORTUNITY TAX CREDIT.—Sub-
 13 section (b) of section 25A of the Internal Revenue Code
 14 of 1986 is amended by adding at the end the following
 15 new paragraph:

16 “(5) ADJUSTMENT FOR INFLATION.—In the
 17 case of a taxable year beginning after 2021, the
 18 \$2,000 and \$4,000 amounts in paragraph (1) shall
 19 each be increased by an amount equal to—

20 “(A) such dollar amount, multiplied by

21 “(B) the cost-of-living adjustment deter-
 22 mined under section 1(f)(3) for the calendar
 23 year in which the taxable year begins, deter-
 24 mined by substituting ‘2020’ for ‘2016’ in sub-
 25 paragraph (A)(ii) thereof.

1 If any increase under this paragraph is not a mul-
 2 tiple of \$100, such increase shall be rounded to the
 3 next lowest multiple of \$100.”.

4 (b) LIFETIME LEARNING CREDIT.—Subsection (c) of
 5 section 25A of the Internal Revenue Code of 1986 is
 6 amended by adding at the end the following new para-
 7 graph:

8 “(3) ADJUSTMENT FOR INFLATION.—In the
 9 case of a taxable year beginning after 2021, the
 10 \$10,000 amount in paragraph (1) shall be increased
 11 by an amount equal to—

12 “(A) such dollar amount, multiplied by

13 “(B) the cost-of-living adjustment deter-
 14 mined under section 1(f)(3) for the calendar
 15 year in which the taxable year begins, deter-
 16 mined by substituting ‘2020’ for ‘2016’ in sub-
 17 paragraph (A)(ii) thereof.

18 If any increase under this paragraph is not a mul-
 19 tiple of \$100, such increase shall be rounded to the
 20 next lowest multiple of \$100.”.

21 (c) LIMITATIONS BASED ON MODIFIED ADJUSTED
 22 GROSS INCOME.—Subsection (d) of section 25A of the In-
 23 ternal Revenue Code of 1986 is amended by adding at the
 24 end the following new paragraph:

1 “(3) ADJUSTMENT FOR INFLATION.—In the
2 case of a taxable year beginning after 2021, each of
3 the dollar amounts in paragraph (1) shall be in-
4 creased by an amount equal to—

5 “(A) such dollar amount, multiplied by

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3) for the calendar
8 year in which the taxable year begins, deter-
9 mined by substituting ‘2020’ for ‘2016’ in sub-
10 paragraph (A)(ii) thereof.

11 If any increase under this paragraph is not a mul-
12 tiple of \$1,000, such increase shall be rounded to
13 the next lowest multiple of \$1,000.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2021.

17 **SEC. 5. DEDUCTION FOR INTEREST ON EDUCATION LOANS.**

18 (a) IN GENERAL.—Subsection (f) of section 221 of
19 the Internal Revenue Code of 1986 is amended to read
20 as follows:

21 “(f) ADJUSTMENTS FOR INFLATION.—

22 “(1) IN GENERAL.—In the case of a taxable
23 year beginning after 2002, each of the dollar
24 amounts in subsection (b) shall be increased by an
25 amount equal to—

“(A) in the case of the \$2,500 amount in subsection (b)(1) and the \$15,000 and \$30,000 amounts in subsection (b)(2)(B)(ii)—

“(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 ‘2020’ for ‘2016’ in subparagraph (A)(ii) thereof, and

“(B) in the case of the \$50,000 and \$100,000 amounts in subsection (b)(2)(B)(i)(II)—

“(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 ‘2001’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(2) ROUNDING.—If any increase under paragraph (1)—

“(A) is not a multiple of \$100, in the case of the amount in subsection (b)(1), such increase shall be rounded to the next lowest multiple of \$100, or

1 “(B) is not a multiple of \$1,000, in the
 2 case of the amounts in subsection (b)(2)(B)(ii)
 3 and (b)(2)(B)(i)(II), such increase shall be
 4 rounded to the next lowest multiple of \$1,000.”.

5 (b) EFFECTIVE DATE.—The amendment made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2021.

8 **SEC. 6. DETERMINATION OF STANDARD MILEAGE RATE**
 9 **FOR CHARITABLE CONTRIBUTIONS DEDUC-**
 10 **TION.**

11 (a) IN GENERAL.—Subsection (i) of section 170 of
 12 the Internal Revenue Code of 1986 is amended to read
 13 as follows:

14 “(i) STANDARD MILEAGE RATE FOR USE OF PAS-
 15 Senger AUTOMOBILE.—For purposes of computing the
 16 deduction under this section for use of a passenger auto-
 17 mobile, the standard mileage rate shall be the rate deter-
 18 mined by the Secretary, which rate shall not be less than
 19 the standard mileage rate used for purposes of section
 20 213.”.

21 (b) EFFECTIVE DATE.—The amendment made by
 22 this section shall apply to miles traveled after the date
 23 of the enactment of this Act.

1 **SEC. 7. EXTENSION OF LIMITATION ON DEDUCTION OF**
2 **STATE AND LOCAL TAXES.**

3 Paragraph (6) of section 164(b) of the Internal Rev-
4 enue Code of 1986 is amended—

5 (1) by striking “2025” in the heading and in-
6 serting “2026”, and

7 (2) by striking “January 1, 2026” and insert-
8 ing “January 1, 2027”.

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