

119TH CONGRESS  
2D SESSION

# H. R. 8023

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2026

Ms. SÁNCHEZ (for herself and Mrs. MILLER of West Virginia) 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 of 1986 to provide a credit for increasing wages paid to child care providers.

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. CHILD CARE SUPPLY CREDIT.**

4       (a) IN GENERAL.—Subpart D of part IV of sub-  
5 chapter A of chapter 1 of the Internal Revenue Code of  
6 1986 is amended by adding at the end the following new  
7 section:

8 **“SEC. 45BB. CHILD CARE SUPPLY CREDIT.**

9       “(a) IN GENERAL.—For purposes of section 38, the  
10 amount of the child care supply credit determined under

1 this section with respect to any employer for any taxable  
2 year is an amount equal to the lesser of—

3 “(1) the applicable percentage of the qualified  
4 child care wages paid or incurred by the employer  
5 for such taxable year, or

6 “(2) the excess (if any) of—

7 “(A) the qualified child care wages paid or  
8 incurred by the employer for such taxable year,  
9 over

10 “(B) the qualified child care wages paid or  
11 incurred by the employer for the preceding tax-  
12 able year.

13 “(b) REQUIREMENT OF INCREASE IN ANNUAL AVER-  
14 AGE HOURLY CHILD CARE WAGE.—

15 “(1) IN GENERAL.—No credit shall be deter-  
16 mined under subsection (a) with respect to any em-  
17 ployer for any taxable year unless such employer’s  
18 average hourly child care wage for such taxable year  
19 exceeds such employer’s average hourly child care  
20 wage for the preceding taxable year.

21 “(2) AVERAGE HOURLY CHILD CARE WAGE.—

22 For purposes of this subsection, the term ‘average  
23 hourly child care wage’ means, with respect to any  
24 employer for any taxable year, the ratio of—

1           “(A) the qualified child care wages paid or  
2           incurred by such employer for such taxable  
3           year, divided by

4           “(B) the total number of hours of service  
5           for which such wages were paid or incurred.

6           “(c) APPLICABLE PERCENTAGE.—For purposes of  
7 this section—

8           “(1) IN GENERAL.—Except as provided in para-  
9           graph (2), the applicable percentage is 5 percent.

10          “(2) RURAL AREAS.—

11           “(A) IN GENERAL.—In the case of quali-  
12           fied child care wages paid or incurred with re-  
13           spect to employment at an eligible childcare fa-  
14           cility which is located in a rural area, the appli-  
15           cable percentage is 7 percent.

16           “(B) RURAL AREA DEFINED.—For pur-  
17           poses of this paragraph, the term ‘rural area’  
18           means any area other than an urban area (as  
19           defined in section 101(a)(35) of title 23, United  
20           States Code).

21          “(d) DEFINITIONS.—For purposes of this section—

22           “(1) QUALIFIED CHILD CARE WAGES.—

23           “(A) IN GENERAL.—The term ‘qualified  
24           child care wages’ means wages paid to qualified  
25           child care workers.

1           “(B) WAGES.—The term ‘wages’ has the  
2 meaning given such term by subsection (b) of  
3 section 3306 (determined without regard to any  
4 dollar limitation contained in such section).  
5 Such term shall not include any amount taken  
6 into account for purposes of determining any  
7 other credit allowed under this subpart.

8           “(2) QUALIFIED CHILD CARE WORKER.—

9           “(A) IN GENERAL.—The term ‘qualified  
10 child care worker’ means any employee who—

11                   “(i) is employed at an eligible child  
12 care facility, and

13                   “(ii) provides child care services.

14           “(3) ELIGIBLE CHILD CARE FACILITY.—The  
15 term ‘eligible child care facility’ means any facility  
16 which—

17                   “(A) provides child care services for at  
18 least 6 individuals,

19                   “(B) receives a fee, payment, or grant for  
20 providing such services, and

21                   “(C) complies with all applicable laws and  
22 regulations of a State or unit of local govern-  
23 ment.

24           “(4) CHILD CARE SERVICES.—The term ‘child  
25 care services’ means the providing of care, edu-

1 cation, protection, supervision, or guidance to chil-  
2 dren.

3 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—

4 “(1) IN GENERAL.—A taxpayer may elect to  
5 have this section not apply for any taxable year.

6 “(2) OTHER RULES.—Rules similar to the rules  
7 of paragraphs (2) and (3) of section 51(j) shall  
8 apply for purposes of this subsection.”.

9 (b) CREDIT TREATED AS PART OF GENERAL BUSI-  
10 NESS CREDIT.—Section 38(b) of the Internal Revenue  
11 Code of 1986 is amended by striking “plus” at the end  
12 of paragraph (40), by striking the period at the end of  
13 paragraph (41) and inserting “, plus”, and by adding at  
14 the end the following new paragraph:

15 “(42) the child care supply credit determined  
16 under section 45BB(a).”.

17 (c) ELECTIVE PAYMENT.—Section 6417(b) of the In-  
18 ternal Revenue Code of 1986 is amended by adding at the  
19 end the following new paragraph:

20 “(13) The child care supply credit determined  
21 under section 45BB(a).”.

22 (d) DENIAL OF DOUBLE BENEFIT.—Section 280C(a)  
23 of the Internal Revenue Code of 1986 is amended by in-  
24 serting “45BB(a),” after “45S(a),”.

1           (e) CLERICAL AMENDMENT.—The table of sections  
2 for subpart D of part IV of subchapter A of chapter 1  
3 of the Internal Revenue Code of 1986 is amended by add-  
4 ing at the end the following new item:

“Sec. 45BB. Child care supply credit.”.

5           (f) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 the date of the enactment of this Act.

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