

105TH CONGRESS
1ST SESSION

S. 926

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

IN THE SENATE OF THE UNITED STATES

JUNE 17, 1997

Mr. HARKIN (for himself and Mrs. MURRAY) 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 expand the child and dependent care credit, and for other purposes.

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; AMENDMENT OF 1986 CODE.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Working Family Child Care Tax Relief Act of 1997”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. EXPANSION OF CHILD AND DEPENDENT CARE**
 4 **CREDIT.**

5 (a) INCREASE IN CREDIT.—Paragraph (2) of section
 6 21(a) (relating to credit for expenses for household and
 7 dependent care services necessary for gainful employment)
 8 is amended to read as follows:

9 “(2) APPLICABLE PERCENTAGE DEFINED.—For
 10 purposes of paragraph (1), the term ‘applicable per-
 11 centage’ means 30 percent reduced (but not below
 12 20 percent) by 1 percentage point for each \$3,000
 13 (or fraction thereof) by which the taxpayer’s ad-
 14 justed gross income exceeds \$50,000.”

15 (b) INCREASE IN MAXIMUM AMOUNT CREDITABLE.—

16 (1) IN GENERAL.—Section 21(c) (relating to
 17 dollar limit on amount creditable) is amended—

18 (A) by striking “\$2,400” in paragraph (1)
 19 and inserting “\$4,000”, and

20 (B) by striking “\$4,800” in paragraph (2)
 21 and inserting “\$8,000”.

22 (2) PHASEOUT FOR TAXPAYERS WITH AD-
 23 JUSTED GROSS INCOME IN EXCESS OF \$50,000.—

1 (A) IN GENERAL.—Section 21(c) is amend-
 2 ed by adding at the end the following new para-
 3 graph:

4 “(2) LIMITATION BASED ON ADJUSTED GROSS
 5 INCOME.—If the taxpayer’s adjusted gross income
 6 for the taxable year exceeds \$50,000, the applicable
 7 dollar amount under paragraph (1) shall be reduced
 8 as follows:

9 “(A) The \$4,000 amount under paragraph
 10 (1)(A) shall be reduced (but not below \$2,400)
 11 by \$53.33 for each \$1,000 (or fraction thereof)
 12 of such excess.

13 “(B) the \$8,000 amount under paragraph
 14 (1)(B) shall be reduced (but not below \$4,800)
 15 by \$106.66 for each \$1,000 (or fraction there-
 16 of) of such excess.”

17 (2) CONFORMING AMENDMENTS.—Section
 18 21(c), as amended by subsection (b), is amended—

19 (A) by striking “The amount” and insert-
 20 ing:

21 “(1) IN GENERAL.—The amount”,

22 (B) by redesignating paragraphs (1) and
 23 (2) as subparagraphs (A) and (B), respectively,
 24 and

1 (C) by striking “paragraph (1) or (2)” and
2 inserting “subparagraph (A) or (B)”.

3 (c) CREDIT MADE REFUNDABLE.—

4 (1) IN GENERAL.—Section 21 (relating to cred-
5 it for expenses for household and dependent care
6 services), as amended by this section, is transferred
7 to subpart C of part IV of subchapter A of chapter
8 1, inserted after section 35, and redesignated as sec-
9 tion 36.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Section 129 is amended—

12 (i) by striking “21(e)” in subsection
13 (a)(2)(C) and inserting “36(e)”,

14 (ii) by striking “21(d)(2)” in sub-
15 section (b)(2) and inserting “36(d)(2)”,
16 and

17 (iii) by striking “21(b)(2)” in sub-
18 section (e)(1) and inserting “36(b)(2)”.

19 (B) Section 213(e) is amended by striking
20 “section 21” and inserting “section 36”.

21 (3) CLERICAL AMENDMENTS.—

22 (A) The table of sections for subpart A of
23 part IV of subchapter A of chapter 1 is amend-
24 ed by striking the item relating to section 21.

1 (B) The table of sections for subpart C of
2 part IV of subchapter A of chapter 1 is amend-
3 ed by adding at the end the following new item:

 “Sec. 36. Expenses for household and dependent care services
 necessary for gainful employment.”

4 (d) **EFFECTIVE DATE.**—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 1997.

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