103D CONGRESS 2D SESSION H. R. 5281

To amend the Internal Revenue Code of 1986 to provide a tax credit to all families with young children, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

October 7, 1994

Mr. SMITH of Michigan (for himself, Mr. McCollum, Mr. Petri, and Mr. Solomon) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit to all families with young children, 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. TAX CREDIT FOR ALL FAMILIES WITH YOUNG 4 CHILDREN.

5 (a) GENERAL RULE.—Paragraph (1) of section 21(a)
6 of the Internal Revenue Code of 1986 is amended to read
7 as follows:

8 "(1) IN GENERAL.—In the case of an individual 9 who maintains a household which includes as a

1	member 1 or more qualifying individuals, there shall
2	be allowed as a credit against the tax imposed by
3	this chapter for the taxable year an amount equal to
4	the sum of—
5	"(A) the applicable percentage of \$2,400
6	for each young qualifying individual, and
7	"(B) the applicable percentage of the em-
8	ployment-related expenses paid by such individ-
9	ual during the taxable year with respect to dis-
10	abled qualifying individuals."
11	(b) Conforming Amendments.—
12	(1) Paragraph (1) of section 21(b) of such Code
13	is amended by striking "13" and inserting "5".
14	(2) Paragraph (2) of section 21(b) of such Code
15	is amended—
16	(A) by striking ''qualifying individuals'' in
17	subparagraph (A) and inserting ''disabled quali-
18	fying individuals",
19	(B) by striking ''qualifying individual''
20	each place it appears in subparagraph (A) and
21	inserting ''disabled qualifying individual'', and
22	(C) by amending subparagraph (B) to read
23	as follows:
24	"(B) EXCEPTION.—Employment-related
25	expenses described in subparagraph (A) which

are incurred for services outside the taxpayer's 1 2 household shall be taken into account only if incurred for the care of a disabled qualifying indi-3 vidual who regularly spends at least 8 hours 4 each day in the taxpayer's household." 5 6 (3) Subsection (b) of section 21 of such Code 7 is amended by adding at the end the following new paragraphs: 8 9 "(3) Young qualifying individual.—The term 'young qualifying individual' means any quali-10 fying individual described in subparagraph (A) of 11 paragraph (1). 12 "(4) DISABLED QUALIFYING INDIVIDUAL.—The 13 term 'disabled qualifying individual' means any dis-14 qualifying individual described in subparagraph (B) 15 or (C) of paragraph (1)." 16 17 (4) Subsection (c) of section 21 of such Code 18 is amended to read as follows: 19 "(c) LIMITATION ON CREDIT.—The amount of the credit determined under subsection (a) for any taxable 20 21 year shall not exceed— "(1) the applicable percentage of \$2,400, or 22 "(2) if there are 2 or more qualifying individ-23 uals with respect to the taxpayer for such taxable 24 25 year, the applicable percentage of \$4,800.

1	The amount determined under paragraph (1) or (2)
2	(whichever is applicable) shall be reduced by the applicable
3	percentage of the aggregate amount excludable from gross
4	income under section 129 for the taxable year."
5	(5) Subparagraph (B) of section 21(e)(5) of
6	such Code is amended by striking "13" and insert-
7	ing ''5''.
8	(6) The section heading for section 21 of such
9	Code is amended to read as follows:
10	"SEC. 21. CREDIT FOR HOUSEHOLDS WITH YOUNG CHIL-
11	DREN AND FOR EMPLOYMENT-RELATED EX-
11 12	DREN AND FOR EMPLOYMENT-RELATED EX- PENSES FOR DISABLED DEPENDENTS."
12	PENSES FOR DISABLED DEPENDENTS."
12 13	PENSES FOR DISABLED DEPENDENTS. " (7) The table of sections for subpart A of part
12 13 14	PENSES FOR DISABLED DEPENDENTS." (7) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is
12 13 14 15	PENSES FOR DISABLED DEPENDENTS." (7) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking the item related to section 21
12 13 14 15	PENSES FOR DISABLED DEPENDENTS." (7) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking the item related to section 21 and inserting: "Sec. 21. Credit for households with young children and for employment-related
12 13 14 15 16	PENSES FOR DISABLED DEPENDENTS." (7) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking the item related to section 21 and inserting: "Sec. 21. Credit for households with young children and for employment-related expenses for disabled dependents."
12 13 14 15 16	 PENSES FOR DISABLED DEPENDENTS." (7) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking the item related to section 21 and inserting: "Sec. 21. Credit for households with young children and for employment-related expenses for disabled dependents." (c) EFFECTIVE DATE.—The amendments made by

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