

104TH CONGRESS
2D SESSION

H. R. 2985

To amend the Internal Revenue Code of 1986 to allow employers a credit for a portion of the expenses of providing dependent care services to employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 1996

Mr. FOX of Pennsylvania (for himself, Mrs. JOHNSON of Connecticut, Ms. MOLINARI, Mr. DORNAN, Ms. JACKSON-LEE of Texas, Mr. STOCKMAN, Mr. POMEROY, and Mrs. KELLY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a credit for a portion of the expenses of providing dependent care services to employees, 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. PURPOSE.**

4 The purpose of this Act is to reduce costs to employ-
5 ees for employer-provided on-site dependent care services
6 by providing employers with a credit against income tax

1 for a portion of the costs incurred by employers in provid-
2 ing those services.

3 **SEC. 2. CREDIT FOR EMPLOYER EXPENSES IN PROVIDING**
4 **CERTAIN DEPENDENT CARE SERVICES.**

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

9 **“SEC. 45C. EMPLOYER EXPENSES IN PROVIDING DEPEND-**
10 **ENT CARE SERVICES.**

11 “(a) GENERAL RULE.—For purposes of section 38,
12 the employer day care center credit determined under this
13 section for the taxable year is the amount determined
14 under subsection (b) with respect to each qualified day
15 care center of the taxpayer.

16 “(b) CREDIT PER FACILITY.—For purposes of this
17 section—

18 “(1) IN GENERAL.—The amount determined
19 under this subsection for any taxable year with re-
20 spect to any qualified day care facility of the tax-
21 payer is 50 percent of the excess (if any) of—

22 “(A) the expenses paid or incurred by the
23 taxpayer during the taxable year in providing
24 dependent care services at such facility for em-
25 ployees, over

1 “(B) the aggregate amount received or ac-
2 crued during the taxable year by the employer
3 for such services.

4 “(2) DEPRECIATION ALLOWANCES.—For pur-
5 poses of paragraph (1), depreciation allowances
6 under section 167 shall be treated as expenses.

7 “(c) QUALIFIED DAY CARE CENTER.—For purposes
8 of this section, the term ‘qualified day care center’ means
9 any day care center—

10 “(1) which is operated by or for the taxpayer
11 exclusively for purposes of providing affordable de-
12 pendent care services to a fair cross section of such
13 taxpayer’s employees,

14 “(2) which is located on the business premises
15 of the taxpayer or on a site adjacent to such prem-
16 ises, and

17 “(3) which complies with all applicable laws and
18 regulations of a State or unit of local government.

19 In the case of a day care center operated jointly by a
20 group of employers, the requirement of paragraph (1)
21 shall not fail to be treated as met if such requirement is
22 met with respect to each employer in such group.

23 “(d) CREDIT MUST REDUCE EMPLOYEE COSTS.—No
24 credit shall be allowed under this section with respect to
25 any qualified day care center of the taxpayer for any tax-

1 able year unless the taxpayer certifies to the Secretary for
2 such year that the amount of such credit is passed on to
3 employees using such center in the form of reduced costs.”

4 (b) CREDIT MADE PART OF GENERAL BUSINESS
5 CREDIT.—Subsection (b) of section 38 of such Code is
6 amended by striking “plus” at the end of paragraph (10),
7 by striking the period at the end of paragraph (11) and
8 inserting “, plus”, and by adding at the end the following
9 new paragraph:

10 “(12) the employer day care center credit deter-
11 mined under section 45C(a).”

12 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
13 such Code is amended by adding at the end the following
14 new subsection:

15 “(d) CREDIT FOR EMPLOYER DAY CARE CENTER
16 EXPENSES.—No deduction shall be allowed for that por-
17 tion of the expenses referred to in section 45C(b)(1)(A)
18 otherwise allowable as a deduction for the taxable year
19 which is equal to the amount of the credit determined for
20 such taxable year under section 45C(a).”

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 the date of the enactment of this Act.

1 **SEC. 3. REDUCTION OF SPENDING TO OFFSET REVENUE**

2 **COST OF EMPLOYER DAY CARE CREDIT.**

3 (a) IN GENERAL.—Only 97.6 percent (99.6 percent
4 in the case of the Act referred to in subsection (b)(6))
5 of the amount appropriated by each Act referred to in sub-
6 section (b) may be obligated.

7 (b) APPROPRIATION ACTS.—The Acts referred to in
8 this subsection are—

9 (1) Military Construction Appropriations Act,
10 1996,

11 (2) the Energy and Water Development Approp-
12 riations Act, 1996,

13 (3) the Agriculture, Rural Development, Food
14 and Drug Administration, and Related Agencies Ap-
15 propriations Act, 1996,

16 (4) the Department of Transportation and Re-
17 lated Agencies Appropriations Act, 1996,

18 (5) the Treasury, Postal Service, and General
19 Government Appropriations Act, 1996,

20 (6) the Department of Defense Appropriations
21 Act, 1996, and

22 (7) the Legislative Branch Appropriations Act,
23 1996.

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