

106TH CONGRESS
2D SESSION

S. 3138

To amend the Internal Revenue Code of 1986 to increase the amount and availability of the child tax credit and make the credit refundable.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28 (legislative day, SEPTEMBER 22), 2000

Mr. GRAMS 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 increase the amount and availability of the child tax credit and make the credit refundable.

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 “Child Tax Credit Ex-
5 pansion Act of 2000”.

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

7 (a) IN GENERAL.—Subpart C of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 (relating to refundable credits) is amended by red-

1 ignating section 35 as section 36 and by inserting after
2 section 34 the following new section:

3 **“SEC. 35. CHILD TAX CREDIT.**

4 “(a) ALLOWANCE OF CREDIT.—There shall be al-
5 lowed as a credit against the tax imposed by this subtitle
6 for the taxable year with respect to each qualifying child
7 of the taxpayer an amount equal to \$1,000.

8 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
9 COME.—

10 “(1) IN GENERAL.—The amount of the credit
11 allowable under subsection (a) shall be reduced (but
12 not below zero) by \$50 for each \$1,000 (or fraction
13 thereof) by which the taxpayer’s modified adjusted
14 gross income exceeds the threshold amount. For
15 purposes of the preceding sentence, the term ‘modi-
16 fied adjusted gross income’ means adjusted gross in-
17 come increased by any amount excluded from gross
18 income under section 911, 931, or 933.

19 “(2) THRESHOLD AMOUNT.—For purposes of
20 paragraph (1), the term ‘threshold amount’ means—

21 “(A) \$110,000 in the case of a joint re-
22 turn,

23 “(B) \$75,000 in the case of an individual
24 who is not married, and

1 “(C) \$55,000 in the case of a married in-
2 dividual filing a separate return.

3 For purposes of this paragraph, marital status shall
4 be determined under section 7703.

5 “(c) QUALIFYING CHILD.—For purposes of this
6 section—

7 “(1) IN GENERAL.—The term ‘qualifying child’
8 means any individual if—

9 “(A) the taxpayer is allowed a deduction
10 under section 151 with respect to such indi-
11 vidual for the taxable year,

12 “(B) such individual is described in clause
13 (i) or (ii) of section 151(c)(1)(B), and

14 “(C) such individual bears a relationship to
15 the taxpayer described in section 32(c)(3)(B).

16 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—
17 The term ‘qualifying child’ shall not include any in-
18 dividual who would not be a dependent if the first
19 sentence of section 152(b)(3) were applied without
20 regard to all that follows ‘resident of the United
21 States’.

22 “(d) COST-OF-LIVING ADJUSTMENT.—

23 “(1) IN GENERAL.—In the case of any taxable
24 year beginning in a calendar year after 2001, each

1 dollar amount under subsection (a) or (b)(2) shall be
2 increased by an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 2000’ for
8 ‘calendar year 1992’ in subparagraph (B)
9 thereof.

10 “(2) ROUNDING RULE.—If any amount after
11 adjustment under paragraph (1) is not a multiple
12 of—

13 “(A) \$50 in the case of subsection (a),
14 such amount shall be rounded to the next lower
15 multiple of \$50, and

16 “(B) \$1,000 in the case of subsection
17 (b)(2), such amount shall be rounded to the
18 next lower multiple of \$1,000.

19 “(e) IDENTIFICATION REQUIREMENT.—No credit
20 shall be allowed under this section to a taxpayer with re-
21 spect to any qualifying child unless the taxpayer includes
22 the name and taxpayer identification number of such
23 qualifying child on the return of tax for such taxable year.

24 “(f) TAXABLE YEAR MUST BE FULL TAXABLE
25 YEAR.—Except in the case of a taxable year closed by rea-

1 son of the death of the taxpayer, no credit shall be allow-
2 able under this section in the case of a taxable year cov-
3 ering a period of less than 12 months.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 24 of the Internal Revenue Code of
6 1986 is hereby repealed.

7 (2) The table of sections for subpart A of part
8 IV of subchapter A of chapter 1 of such Code is
9 amended by striking the item relating to section 24.

10 (3) Section 32 of such Code is amended by
11 striking subsection (n).

12 (4) The table of sections for subpart C of part
13 IV of subchapter A of chapter 1 of such Code is
14 amended by striking the item relating to section 35
15 and inserting the following new items:

“Sec. 35. Refundable child tax credit.

“Sec. 36. Overpayments of tax.”

16 (5) Section 1324(b)(2) of title 31, United
17 States Code, is amended by striking “or” before
18 “enacted” and by inserting before the period at the
19 end “, or enacted by the Child Tax Credit Expan-
20 sion Act of 2000”.

21 (6) Section 6213(g)(2)(I) of the Internal Rev-
22 enue Code of 1986 is amended by striking “section
23 24(e)” and inserting “section 35(e)”.

1 (7) Section 6213(g)(2)(L) of such Act is
2 amended by striking “24, or 32” and inserting “32,
3 or 35”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2000.

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