

107TH CONGRESS  
1ST SESSION

# H. R. 2339

To amend the Internal Revenue Code of 1986 to provide a refundable credit against tax with respect to education and training of developmentally disabled children.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 2001

Mr. ENGLISH (for himself, Mr. DOYLE, Mr. SMITH of New Jersey, Mr. HORN, Mr. SHOWS, Ms. BROWN of Florida, Mr. BLAGOJEVICH, Mr. KING, Mr. SPENCE, Mr. TIAHRT, Mr. FOSSELLA, Mrs. ROUKEMA, and Mr. GREENWOOD) 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 refundable credit against tax with respect to education and training of developmentally disabled children.

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. REFUNDABLE CREDIT FOR CHILD DISABILITY**

4 **EDUCATION AND TRAINING EXPENSES.**

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

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

3 **“SEC. 35. CHILD DISABILITY EDUCATION AND TRAINING EX-**  
4 **PENSES.**

5 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
6 dividual, there shall be allowed as a credit against the tax  
7 imposed by this subtitle for the taxable year an amount  
8 equal to the amount paid or incurred by the taxpayer dur-  
9 ing the taxable year for qualified child disability expenses.

10 “(b) LIMITATIONS.—

11 “(1) MAXIMUM DOLLAR AMOUNT.—The amount  
12 allowed as a credit under subsection (a) to the tax-  
13 payer for the taxable year shall not exceed \$2,000.

14 “(2) LIMITATION BASED ON ADJUSTED GROSS  
15 INCOME.—

16 “(A) IN GENERAL.—The amount of the  
17 credit allowable under subsection (a) (after ap-  
18 plication of paragraph (1)) shall be reduced  
19 (but not below zero) by \$500 for each \$1,000  
20 (or fraction thereof) by which the taxpayer’s  
21 modified adjusted gross income exceeds  
22 \$150,000.

23 “(B) MODIFIED ADJUSTED GROSS IN-  
24 COME.—For purposes of subparagraph (A), the  
25 term ‘modified adjusted gross income’ means

1 adjusted gross income increased by any amount  
2 excluded from gross income under section 911,  
3 931, or 933.

4 “(C) COST-OF-LIVING ADJUSTMENT.—

5 “(i) IN GENERAL.—In the case of any  
6 taxable year beginning in a calendar year  
7 after 2002, the \$150,000 amount under  
8 subparagraph (A) shall be increased by an  
9 amount equal to—

10 “(I) such dollar amount, multi-  
11 plied by

12 “(II) the cost-of-living adjust-  
13 ment determined under section 1(f)(3)  
14 for the calendar year in which the tax-  
15 able year begins, determined by sub-  
16 stituting ‘calendar year 2001’ for ‘cal-  
17 endar year 1992’ in subparagraph (B)  
18 thereof.

19 “(ii) ROUNDING RULES.—If any  
20 amount after adjustment under clause (i)  
21 is not a multiple of \$1,000, such amount  
22 shall be rounded to the next lower multiple  
23 of \$1,000.

24 “(c) QUALIFIED CHILD DISABILITY EXPENSES.—

25 For purposes of this section—

1           “(1) IN GENERAL.—The term ‘qualified child  
2           disability expenses’ means amounts paid for services  
3           and equipment related to education and training of  
4           a qualified child of the taxpayer in connection with  
5           a developmental disability of such child, including—

6                   “(A) behavioral therapy,

7                   “(B) speech therapy,

8                   “(C) occupational therapy,

9                   “(D) physical therapy,

10                  “(E) auditory therapy,

11                  “(F) assistive communication technology,

12           and

13                  “(G) such other services as the Secretary  
14           may, in consultation with the Secretary of  
15           Health and Human Services and the Secretary  
16           of Education, provide by regulation.

17           “(2) DEVELOPMENTAL DISABILITY.—The term  
18           ‘developmental disability’ has the same meaning  
19           given the term in section 102 of the Developmental  
20           Disabilities Assistance and Bill of Rights Act of  
21           2000 (Public Law 106–402; 114 Stat. 1682).

22           “(3) QUALIFIED CHILD.—The term ‘qualified  
23           child’ means any individual if—

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

4           “(B) such individual has not attained the  
5           age of 18 as of the close of the calendar year  
6           in which the taxable year of the taxpayer be-  
7           gins, and

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

10          “(d) VERIFICATION REQUIREMENTS.—

11           “(1) EXPENSES MUST BE SUBSTANTIATED.—  
12          Qualified child disability expenses to which sub-  
13          section (a) applies may be taken into account under  
14          this section only if the taxpayer substantiates such  
15          expense in such form as the Secretary may pre-  
16          scribe.

17           “(2) IDENTIFICATION REQUIREMENT.—No  
18          credit shall be allowed under this section with re-  
19          spect to any qualified child unless the taxpayer in-  
20          cludes the name and taxpayer identification number  
21          of such qualified child on the return of tax for the  
22          taxable year.

23          “(e) SPECIAL RULES.—

24           “(1) DENIAL OF DOUBLE BENEFIT.—

1           “(A) IN GENERAL.—No credit shall be al-  
2           lowed under subsection (a) for any expense for  
3           which a deduction or credit is allowed under  
4           any other provision of this chapter.

5           “(B) GRANTS.—No credit shall be allowed  
6           under subsection (a) for any expense to the ex-  
7           tent that funds for such expense are received  
8           under any Federal, State, or local program.

9           “(2) MARRIED COUPLES MUST FILE JOINT RE-  
10          TURNS.—Rules similar to the rules of paragraphs  
11          (2), (3), and (4) of section 21(e) shall apply for pur-  
12          poses of this section.

13          “(3) BASIS ADJUSTMENT.—For purposes of  
14          this subtitle, if a credit is allowed under this section  
15          for any expenditure with respect to any property, the  
16          increase in the basis of such property which would  
17          (but for this subsection) result from such expendi-  
18          ture shall be reduced by the amount of the credit so  
19          allowed.”.

20          (b) CONFORMING AMENDMENTS.—

21                 (1) Paragraph (2) of section 1324(b) of title  
22                 31, United States Code, is amended by inserting be-  
23                 fore the period “, or from section 35 of such Code”.

24                 (2) The table of sections for subpart C of part  
25                 IV of subchapter A of chapter 1 of the Internal Rev-

1        enue Code of 1986 is amended by striking the last  
2        item and inserting the following new items:

      “Sec. 35. Child disability expenses.

      “Sec. 36. Overpayments of tax.”.

3            (3) Section 1016(a) of such Code is amended  
4        by striking “and” at the end of paragraph (26), by  
5        striking the period at the end of paragraph (27) and  
6        inserting “, and”, and by adding at the end the fol-  
7        lowing:

8            “(28) in the case of property with respect to  
9        which a credit was allowed under section 35, to the  
10       extent provided in section 35(e)(3).”.

11        (c) EFFECTIVE DATE.—The amendments made by  
12       this section shall apply to taxable years beginning after  
13       December 31, 2001.

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