

114TH CONGRESS
1ST SESSION

S. 2327

To amend the Internal Revenue Act of 1986 to strengthen the earned income tax credit and expand eligibility for childless individuals and youth formerly in foster care.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 19, 2015

Mr. CASEY (for himself, Mrs. MURRAY, and Ms. WARREN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Act of 1986 to strengthen the earned income tax credit and expand eligibility for childless individuals and youth formerly in foster care.

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 “Foster EITC Act of
5 2015”.

6 **SEC. 2. PERMANENT EXTENSION OF MODIFICATIONS TO**
7 **EARNED INCOME TAX CREDIT.**

8 (a) INCREASE IN CREDIT PERCENTAGE FOR FAMI-
9 LIES WITH 3 OR MORE CHILDREN.—Paragraph (1) of

1 section 32(b) of the Internal Revenue Code of 1986 is
2 amended—

3 (1) by striking “The credit” and inserting the
4 following:

5 “(A) IN GENERAL.—The credit”, and

6 (2) by adding at the end the following new sub-
7 paragraph:

8 “(B) INCREASED CREDIT PERCENTAGE
9 FOR FAMILIES WITH 3 OR MORE QUALIFYING
10 CHILDREN.—In the case of an eligible indi-
11 vidual with 3 or more qualifying children, the
12 table in subparagraph (A) shall be applied by
13 substituting ‘45’ for ‘40’ in the second column
14 thereof.”.

15 (b) JOINT RETURNS.—

16 (1) IN GENERAL.—Subparagraph (B) of section
17 32(b)(2) of the Internal Revenue Code of 1986 is
18 amended by striking “\$3,000” and inserting
19 “\$5,000.”.

20 (2) INFLATION ADJUSTMENTS.—Clause (ii) of
21 section 32(j)(1)(B) of such Code is amended—

22 (A) by striking “\$3,000” and inserting
23 “\$5,000”,

24 (B) by striking “subsection (b)(2)(B)(iii)”
25 and inserting “subsection (b)(2)(B)”, and

1 (C) by striking “calendar year 2007” and
2 inserting “calendar year 2008”.

3 (c) CONFORMING AMENDMENT.—Section 32(b) of
4 such Code is amended by striking paragraph (3).

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2014.

8 **SEC. 3. STRENGTHENING THE EARNED INCOME TAX CRED-**
9 **IT.**

10 (a) INCREASED CREDIT FOR INDIVIDUALS WITH NO
11 QUALIFYING CHILDREN.—

12 (1) IN GENERAL.—The table in subparagraph
13 (A) of section 32(b)(2) of the Internal Revenue Code
14 of 1986 is amended—

15 (A) by striking “\$4,220” in the second col-
16 umn and inserting “\$8,820”, and

17 (B) by striking “\$5,280” in the last col-
18 umn and inserting “\$10,425”.

19 (2) INFLATION ADJUSTMENTS.—Subparagraph
20 (B) of section 32(j)(1) of the Internal Revenue Code
21 of 1986, as amended by this Act, is amended—

22 (A) in clause (i)—

23 (i) by inserting “(except as provided
24 in clause (iii))” after “(b)(2)(A)”, and

25 (ii) by striking “and” at the end, and

1 (B) by adding at the end the following new
2 clause:

3 “(iii) in the case of the \$8,820 and
4 \$10,4250 amount in the table in sub-
5 section (b)(2)(A), by substituting ‘calendar
6 year 2011’ for ‘calendar year 1992’ in sub-
7 paragraph (B) of such section 1.”.

8 (b) CREDIT INCREASE AND REDUCTION IN PHASE-
9 OUT FOR INDIVIDUALS WITH NO CHILDREN.—The table
10 contained in section 32(b)(1)(A) of the Internal Revenue
11 Code of 1986, as amended by this Act, is amended—

12 (1) by striking “7.65” in the second column of
13 the third row and inserting “15.3”, and

14 (2) by striking “7.65” in the third column of
15 the third row and inserting “15.3”.

16 (c) LOWERING ELIGIBILITY AGE FOR CERTAIN
17 CHILDLESS INDIVIDUALS AND YOUTH FORMERLY IN FOS-
18 TER CARE.—

19 (1) IN GENERAL.—Subclause (II) of section
20 32(c)(1)(A)(ii) of the Internal Revenue Code of
21 1986 is amended by striking “age 25” and inserting
22 “age 21 (or, in the case of youth formerly in foster
23 care, age 18)”.

1 (2) YOUTH FORMERLY IN FOSTER CARE.—Sub-
 2 section (c) of section 32 of such Code is amended by
 3 adding at the end the following new subparagraph:

4 “(G) YOUTH FORMERLY IN FOSTER
 5 CARE.—For purposes of subparagraph
 6 (A)(ii)(II), the term ‘youth formerly in foster
 7 care’ means an individual who was in foster
 8 care on or after the date that such individual
 9 attained 16 years of age.”.

10 (3) RETURNS RELATING TO YOUTH IN FOSTER
 11 CARE.—

12 (A) IN GENERAL.—Subpart B of part III
 13 of subchapter A of chapter 61 of the Internal
 14 Revenue Code of 1986 is amended by inserting
 15 after section 6050W the following new section:

16 **“SEC. 6050X. RETURNS RELATING TO YOUTH IN FOSTER**
 17 **CARE.**

18 “(a) REQUIREMENT OF REPORTING.—

19 “(1) IN GENERAL.—Any State, local, or tribal
 20 agency responsible for reporting data to the Adop-
 21 tion and Foster Care Analysis and Reporting Sys-
 22 tem shall make a return, at such times as the Sec-
 23 retary may prescribe, described in subsection (b)
 24 with respect to any individual who is in foster care
 25 within the jurisdiction of such State, locality, or

1 tribe on or after the date that such individual at-
2 tained 16 years of age.

3 “(2) SINGLE RETURN.—Except as provided by
4 the Secretary, a State, local, or tribal agency de-
5 scribed in paragraph (1) which has made a return
6 for an individual described in such paragraph shall
7 not be required to make a return for such individual
8 for any subsequent calendar year.

9 “(b) FORM AND MANNER OF RETURNS.—A return
10 is described in this subsection if such return—

11 “(1) is in such form as the Secretary may pre-
12 scribe, and

13 “(2) contains, with respect to each individual
14 described in subsection (a)(1)—

15 “(A) the name, date of birth, and TIN of
16 such individual,

17 “(B) the identification number assigned to
18 such individual for purposes of the statewide or
19 tribal automated child welfare information sys-
20 tem, and

21 “(C) such other information as the Sec-
22 retary may prescribe.

23 “(c) STATEMENT TO BE FURNISHED TO INDIVID-
24 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
25 QUIRED.—

1 “(1) IN GENERAL.—Every person required to
2 make a return under subsection (a) shall furnish to
3 each person whose name is required to be set forth
4 in such return a written statement showing—

5 “(A) the name and address of the person
6 required to make such return and the phone
7 number of the information contact for such per-
8 son, and

9 “(B) the information required to be shown
10 on the return with respect to such individual.

11 “(2) DATE.—The written statement required
12 under paragraph (1) shall be furnished on or before
13 January 31 of the year following the calendar year
14 for which the return under subsection (a) is required
15 to be made.”.

16 (B) ASSESSABLE PENALTIES.—Subpara-
17 graph (B) of section 6724(d)(1) of such Code
18 is amended—

19 (i) by redesignating clauses (xxiv) and
20 (xxv) as clauses (xxv) and (xxvi), respec-
21 tively, and

22 (ii) by inserting after clause (xxiii) the
23 following new clause:

24 “(xxiv) section 6050X (relating to re-
25 turns relating to youth in foster care),”.

1 (C) CONFORMING AMENDMENT.—The
 2 table of sections for subpart B of part III of
 3 subchapter A of chapter 61 of such Code is
 4 amended by adding at the end the following
 5 new item:

“Sec. 6050X. Returns relating to youth in foster care.”.

6 (d) EFFECTIVE DATES.—The amendments made by
 7 this section shall apply to taxable years beginning after
 8 December 31, 2014.

9 **SEC. 4. SIMPLIFYING THE EARNED INCOME TAX CREDIT.**

10 (a) MODIFICATION OF ABANDONED SPOUSE RULE.—

11 (1) IN GENERAL.—Section 32(c)(1) of the In-
 12 ternal Revenue Code of 1986, as amended by this
 13 Act, is amended by adding at the end the following
 14 new paragraph:

15 “(H) CERTAIN MARRIED INDIVIDUALS LIV-
 16 ING APART.—For purposes of this section, an
 17 individual who—

18 “(i) is married (within the meaning of
 19 section 7703(a)) and files a separate re-
 20 turn for the taxable year,

21 “(ii) lives with a qualifying child of
 22 the individual for more than one-half of
 23 such taxable year, and

24 “(iii)(I) during the last 6 months of
 25 such taxable year, does not have the same

1 principal place of abode as the individual's
2 spouse, or

3 “(II) has a legally binding separation
4 agreement with the individual's spouse and
5 is not a member of the same household
6 with the individual's spouse by the end of
7 the taxable year,

8 shall not be considered as married.”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) The last sentence of section
11 32(c)(1)(A) of the Internal Revenue Code of
12 1986 is amended by striking “section 7703”
13 and inserting “section 7703(a)”.

14 (B) Section 32(d) of such Code is amended
15 by striking “In the case of an individual who is
16 married (within the meaning of section 7703)”
17 and inserting “In the case of an individual who
18 is married (within the meaning of section
19 7703(a)) and is not described in subsection
20 (c)(1)(H)”.

21 (b) SIMPLIFICATION OF RULES REGARDING PRES-
22 ENCE OF QUALIFYING CHILD.—

23 (1) TAXPAYER ELIGIBLE FOR CREDIT FOR
24 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
25 FYING CHILD CLAIMED BY ANOTHER MEMBER OF

1 FAMILY.—Section 32(c)(1) of the Internal Revenue
2 Code of 1986, as amended by this Act, is amended
3 by adding at the end the following new paragraph:

4 “(I) TAXPAYER ELIGIBLE FOR CREDIT FOR
5 WORKER WITHOUT QUALIFYING CHILD IF
6 QUALIFYING CHILD CLAIMED BY ANOTHER
7 MEMBER OF FAMILY.—

8 “(i) GENERAL RULE.—Except as pro-
9 vided in clause (ii), in the case of 2 or
10 more eligible individuals who may claim for
11 such taxable year the same individual as a
12 qualifying child, if such individual is
13 claimed as a qualifying child by such an el-
14 igible individual, then any other such eligi-
15 ble individual who does not make such a
16 claim of such child or of any other quali-
17 fying child may be considered an eligible
18 individual without a qualifying child for
19 purposes of the credit allowed under this
20 section for such taxable year.

21 “(ii) EXCEPTION IF QUALIFYING
22 CHILD CLAIMED BY PARENT.—If an indi-
23 vidual is claimed as a qualifying child for
24 any taxable year by an eligible individual
25 who is a parent of such child, then no

1 other custodial parent of such child who
2 does not make such a claim of such child
3 may be considered an eligible individual
4 without a qualifying child for purposes of
5 the credit allowed under this section for
6 such taxable year.”.

7 (2) TAXPAYER ELIGIBLE FOR CREDIT FOR
8 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
9 FYING CHILDREN DO NOT HAVE VALID SOCIAL SECU-
10 RITY NUMBER.—Subparagraph (F) of section
11 32(c)(1) of the Internal Revenue Code of 1986 is
12 amended to read as follows:

13 “(F) INDIVIDUALS WHO DO NOT INCLUDE
14 TIN, ETC., OF ANY QUALIFYING CHILD.—In the
15 case of any eligible individual who has one or
16 more qualifying children, if no qualifying child
17 of such individual is taken into account under
18 subsection (b) by reason of paragraph (3)(D),
19 for purposes of the credit allowed under this
20 section, such individual may be considered an
21 eligible individual without a qualifying child.”.

22 (c) EFFECTIVE DATES.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2014.

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