

115TH CONGRESS
1ST SESSION

H. R. 3632

To amend the Internal Revenue Code of 1986 to make the Child and Dependent Care Tax Credit fully refundable, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2017

Mr. YODER (for himself and Mrs. MURPHY of Florida) 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 make the Child and Dependent Care Tax Credit fully refundable, 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. SHORT TITLE.**

4 This Act may be cited as the “Promoting Affordable
5 Childcare for Everyone Act” or the “PACE Act”.

6 **SEC. 2. REFUNDABILITY OF CHILD AND DEPENDENT CARE**
7 **TAX CREDIT.**

8 (a) IN GENERAL.—The Internal Revenue Code of
9 1986 is amended—

1 (1) by redesignating section 21 as section 36C;
2 and

3 (2) by moving section 36C, as so redesignated,
4 from subpart A of part IV of subchapter A of chap-
5 ter 1 to the location immediately before section 37
6 in subpart C of part IV of subchapter A of chapter
7 1.

8 (b) TECHNICAL AMENDMENTS.—

9 (1) Paragraph (1) of section 23(f) of the Inter-
10 nal Revenue Code of 1986 is amended by striking
11 “21(e)” and inserting “36C(e)”.

12 (2) Paragraph (6) of section 35(g) of such Code
13 is amended by striking “21(e)” and inserting
14 “36C(e)”.

15 (3) Paragraph (1) of section 36C(a) of such
16 Code (as redesignated by subsection (a)) is amended
17 by striking “this chapter” and inserting “this sub-
18 title”.

19 (4) Subparagraph (C) of section 129(a)(2) of
20 such Code is amended by striking “section 21(e)”
21 and inserting “section 36C(e)”.

22 (5) Paragraph (2) of section 129(b) of such
23 Code is amended by striking “section 21(d)(2)” and
24 inserting “section 36C(d)(2)”.

1 (6) Paragraph (1) of section 129(e) of such
2 Code is amended by striking “section 21(b)(2)” and
3 inserting “section 36C(b)(2)”.

4 (7) Subsection (e) of section 213 of such Code
5 is amended by striking “section 21” and inserting
6 “section 36C”.

7 (8) Subparagraph (H) of section 6213(g)(2) of
8 such Code is amended by striking “section 21” and
9 inserting “section 36C”.

10 (9) Subparagraph (L) of section 6213(g)(2) of
11 such Code is amended by striking “section 21, 24,
12 or 32,” and inserting “section 24, 32, or 36C,”.

13 (10) Paragraph (2) of section 1324(b) of title
14 31, United States Code, is amended by inserting
15 “36C,” after “36B,”.

16 (11) The table of sections for subpart C of part
17 IV of subchapter A of chapter 1 of the Internal Rev-
18 enue Code of 1986 is amended by inserting after the
19 item relating to section 36B the following:

“Sec. 36C. Expenses for household and dependent care services necessary for
gainful employment.”.

20 (12) The table of sections for subpart A of such
21 part IV is amended by striking the item relating to
22 section 21.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. 3. ENHANCEMENT OF THE CHILD AND DEPENDENT**
5 **CARE TAX CREDIT.**

6 (a) IN GENERAL.—Section 36C of the Internal Rev-
7 enue Code of 1986, as redesignated by section 2 of this
8 Act, is amended—

9 (1) in paragraph (1) of subsection (a), by strik-
10 ing “35 percent reduced (but not below 20 percent)”
11 and inserting “50 percent reduced (but not below 35
12 percent)”;

13 (2) by redesignating subsection (f) as sub-
14 section (g); and

15 (3) by inserting after subsection (e) the fol-
16 lowing new subsection:

17 “(f) INFLATION ADJUSTMENT.—

18 “(1) IN GENERAL.—In the case of any taxable
19 year beginning after 2017, each of the dollar
20 amounts in subsections (a)(2) and (c) shall be in-
21 creased by an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-
24 mined under section 1(f)(3) for the calendar
25 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 2016’ for
2 ‘calendar year 1992’ in subparagraph (B)
3 thereof.

4 “(2) ROUNDING.—If any increase determined
5 under paragraph (1) is not a multiple of \$50, such
6 increase shall be rounded to the nearest multiple of
7 \$50.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2017.

11 **SEC. 4. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
12 **VIDED DEPENDENT CARE ASSISTANCE.**

13 (a) IN GENERAL.—Subparagraph (A) of section
14 129(a)(2) of the Internal Revenue Code of 1986 (relating
15 to dependent care assistance programs) is amended by
16 striking “\$5,000 (\$2,500” and inserting “\$7,500 (half
17 such dollar amount”.

18 (b) INFLATION ADJUSTMENT.—Paragraph (2) of sec-
19 tion 129(a) of such Code is amended by redesignating sub-
20 paragraph (C) as subparagraph (D) and by inserting after
21 subparagraph (B) the following new subparagraph:

22 “(C) INFLATION ADJUSTMENT.—In the
23 case of any taxable year beginning in a calendar
24 year after 2018, the \$7,500 amount in subpara-

1 graph (A) shall be increased by an amount
2 equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year in which the taxable year be-
7 gins, determined by substituting ‘calendar
8 year 2017’ for ‘calendar year 1992’ in sub-
9 paragraph (B) thereof.

10 Any increase determined under the preceding
11 sentence shall be rounded to the nearest mul-
12 tiple of \$100.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2017.

○