To amend the Internal Revenue Code of 1986 to make the child tax credit fully refundable, establish an increased child tax credit for young children, and for other purposes.
NORCROSS, Mr. RASKIN, Miss RICE of New York, Mr. RICHMOND, Mr. ROUDA, Ms. ROYBAL-ALLARD, Mr. RUPPERSBERGER, Mr. RUSH, Mr. RYAN, Ms. SÁNCHEZ, Mr. SAN NICOLAS, Mr. SARBAZ, Ms. SCHA-KOWSKY, Ms. SCHRIER, Mr. SCOTT of Virginia, Mr. DAVID SCOTT of Georgia, Mr. SERRANO, Ms. SEWELL of Alabama, Ms. SHALALA, Mr. SIRES, Mr. SOTO, Ms. SPEIER, Mr. SVOZII, Mr. TAKANO, Mr. THOMP-SON of Mississippi, Ms. TITUS, Ms. TLAIB, Mr. TONKO, Mrs. TORMES of California, Mr. VARGAS, Mr. VEASEY, Mr. VELA, Ms. VELÁZQUEZ, Ms. WASSERMAN SCHULTZ, Ms. WATERS, Mrs. WATSON COLEMAN, Mr. WELCH, Ms. WEXTON, Ms. WILD, Ms. WILSON of Florida, Mr. YARMUTH, Mr. ROSE of New York, Ms. HILL of California, Mr. GREEN of Texas, Mr. CUellar, Mr. ALLRED, Ms. GABBARO, Mrs. CRAIG, Ms. MUCARSEL-POWELL, Mr. Swalwell of California, Ms. PRESSLEY, Mr. DOGGETT, Mr. CRIST, and Ms. HOULAHAN) 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 tax credit fully refundable, establish an increased child tax credit for young children, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “American Family Act of 2019”.

SEC. 2. ESTABLISHMENT OF FULLY REFUNDABLE CHILD TAX CREDIT.

(a) Elimination of Existing Child Tax Credit.—Subpart A of part IV of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1986 is amended by striking section 24.
(b) Establishment of Fully Refundable Child Tax Credit.—Subpart C of part IV of subchapter A of chapter 1 of subtitle A of such Code is amended by inserting after section 36B the following new section:

"SEC. 36C. CHILD TAX CREDIT.

"(a) Allowance of Credit.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) with respect to each qualifying child of the taxpayer who has attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $3,000, and

"(2) with respect to each qualifying child of the taxpayer who has not attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to 120 percent of the dollar amount in paragraph (1).

"(b) Limitation.—

"(1) In general.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by the applicable amount for each $1,000 (or fraction thereof) by which the taxpayer’s modified adjusted gross income exceeds the thresh-
old amount. For purposes of the preceding sentence, the term ‘modified adjusted gross income’ means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

“(2) Threshold amount.—

“(A) In general.—For purposes of paragraph (1), the term ‘threshold amount’ means—

“(i) $180,000 in the case of a joint return,

“(ii) $130,000 in the case of an individual who is not married, and

“(iii) $90,000 in the case of a married individual filing a separate return.

“(B) Marital status.—For purposes of this paragraph, marital status shall be determined under section 7703.

“(3) Applicable amount.—For purposes of paragraph (1), the term ‘applicable amount’ means an amount equal to the quotient of—

“(A) the amount of the credit allowable under subsection (a), as determined without regard to this subsection, divided by

“(B) an amount equal to the product of—
“(i) $20, multiplied by
“(ii) the total number of qualifying
children of the taxpayer.

“(c) QUALIFYING CHILD.—
“(1) IN GENERAL.—In this section, the term
‘qualifying child’ means a qualifying child of the tax-
payer (as defined in section 152(c)) who has not at-
tained 18 years of age.
“(2) EXCEPTION FOR CERTAIN NON-CITI-
ZENS.—The term ‘qualifying child’ shall not include
any individual who would not be a dependent if sub-
paragraph (A) of section 152(b)(3) were applied
without regard to all that follows ‘resident of the
United States’.

“(d) INFLATION ADJUSTMENT.—
“(1) IN GENERAL.—In the case of any taxable
year beginning after 2020, the $3,000 amount in
subsection (a)(1) shall be increased by an amount
equal to—
“(A) such dollar amount, multiplied by
“(B) the cost-of-living adjustment deter-
mined under paragraph (2) for the calendar
year in which the taxable year begins.
“(2) COST-OF-LIVING ADJUSTMENT.—For pur-
poses of paragraph (1), the cost-of-living adjustment
for any calendar year is the percentage (if any) by which—

“(A) the CPI for the preceding calendar year (as determined pursuant to section 1(f)(4)), exceeds

“(B) the CPI for calendar year 2019.

“(3) Rounding.—If any increase determined under paragraph (1) is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.

“(e) Partial Non-Refundable Credit Allowed for Certain Other Dependents.—

“(1) In general.—In the case of a taxable year beginning after December 31, 2019, and before January 1, 2026, the aggregate credits allowed to a taxpayer under subpart A shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c). The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart.

“(2) Exception for certain noncitizens.—Paragraph (1) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without
regard to all that follows ‘resident of the United States’.

“(3) LIMITATION.—

“(A) IN GENERAL.—The amount of the credit allowable under paragraph (1) shall be reduced (but not below zero) by $50 for each $1,000 (or fraction thereof) by which the taxpayer’s modified adjusted gross income exceeds the threshold amount.

“(B) MODIFIED ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), the term ‘modified adjusted gross income’ means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

“(C) THRESHOLD AMOUNT.—

“(i) IN GENERAL.—For purposes of subparagraph (A), the term ‘threshold amount’ means—

“(I) $200,000 in the case of a joint return,

“(II) $150,000 in the case of an individual who is not married, and
“(III) $100,000 in the case of a
married individual filing a separate
return.

“(ii) **Marital Status.**—For pur-
poses of this subparagraph, marital status
shall be determined under section 7703.

“(f) **Identification Requirements.**—

“(1) **Qualifying Child and Dependent
Identification Requirement.**—No credit shall be
allowed under this section to a taxpayer with respect
to any qualifying child or dependent unless the tax-
payer includes the name and taxpayer identification
number of such qualifying child or dependent on the
return of tax for the taxable year and such taxpayer
identification number was issued on or before the
due date for filing such return.

“(2) **Taxpayer Identification Require-
ment.**—No credit shall be allowed under this section
if the taxpayer identification number of the taxpayer
was issued after the due date for filing the return
for the taxable year.

“(g) **Taxable Year Must Be Full Taxable
Year.**—Except in the case of a taxable year closed by rea-
son of the death of the taxpayer, no credit shall be allow-
able under this section in the case of a taxable year cover-
ing a period of less than 12 months.

“(h) Restrictions on Taxpayers Who Improperly Claimed Credit in Prior Year.—

“(1) Taxpayers Making Prior Fraudulent or Reckless Claims.—

“(A) In General.—No credit shall be al-

lowed under this section for any taxable year in

the disallowance period.

“(B) Disallowance Period.—For pur-

poses of subparagraph (A), the disallowance pe-

riod is—

“(i) the period of 10 taxable years

after the most recent taxable year for

which there was a final determination that

the taxpayer’s claim of credit under this

section was due to fraud, and

“(ii) the period of 2 taxable years

after the most recent taxable year for

which there was a final determination that

the taxpayer’s claim of credit under this

section was due to reckless or intentional

disregard of rules and regulations (but not
due to fraud).
“(2) Taxpayers making improper prior claims.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.

“(i) Reconciliation of credit and advance credit.—

“(1) In general.—The amount of the credit allowed under this section for any taxable year shall be reduced (but not below zero) by the aggregate amount of any advance payments of such credit under section 7527A for such taxable year.

“(2) Excess advance payments.—If the aggregate amount of advance payments under section 7527A for the taxable year exceed the amount of the credit allowed under this section for such taxable year (determined without regard to paragraph (1)), the tax imposed by this chapter for such taxable year shall be increased by the amount of such excess”.

(c) ADVANCE PAYMENT OF CREDIT.—Chapter 77 of the Internal Revenue Code of 1986 is amended by inserting after section 7527 the following new section:

"SEC. 7527A. ADVANCE PAYMENT OF CHILD TAX CREDIT.

"(a) IN GENERAL.—As soon as practicable and not later than 1 year after the date of the enactment of this section, the Secretary shall establish a program for making advance payments of the credit allowed under subsection (a) of section 36C on a monthly basis (determined without regard to subsection (i)(1) of such section), or as frequently as the Secretary determines to be administratively feasible, to taxpayers allowed such credit.

"(b) LIMITATION.—

"(1) IN GENERAL.—The Secretary may make payments under subsection (a) only to the extent that the total amount of such payments made to any taxpayer during the taxable year does not exceed an amount equal to the excess, if any, of—

"(A) subject to paragraph (2), the amount determined under subsection (a) of section 36C with respect to such taxpayer (determined without regard to subsection (i) of such section) for such taxable year, over

"(B) the estimated tax imposed by subtitle A, as reduced by the credits allowable under
subparts A and C (with the exception of section 36C) of such part IV, with respect to such taxpayer for such taxable year, as determined in such manner as the Secretary deems appropriate.

“(2) APPLICATION OF THRESHOLD AMOUNT LIMITATION.—The program described in subsection (a) shall make reasonable efforts to apply the limitation of section 36C(b) with respect to payments made under such program.”.

(d) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1986 is amended by striking the item relating to section 24.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of subtitle A of such Code is amended by inserting after the item relating to section 36B the following:

“Sec. 36C. Child tax credit.”.

(3) The table of sections for chapter 77 of such Code is amended by inserting after the item relating to section 7527 the following new item:

“Sec. 7527A. Advance payment of child tax credit.”.

(4) Subparagraph (B) of section 45R(f)(3) of such Code is amended to read as follows:
“(B) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A) shall be treated as taxes referred to in such subparagraph.”.

(5) Section 152(f)(6)(B)(ii) of such Code is amended by striking “section 24” and inserting “section 36C”.

(6) Paragraph (26) of section 501(c) of such Code is amended in the flush matter at the end by striking “section 24(c)”) and inserting “section 36C(c)”).

(7) Section 6211(b)(4)(A) of such Code is amended—

(A) by striking “24(d),”, and

(B) by inserting “36C(a),” after “36B,”.

(8) Section 6213(g)(2) of such Code is amended—

(A) in subparagraph (I), by striking “section 24(e)” and inserting “section 36C(f)”, and

(B) in subparagraph (L), by striking “24, or 32” and inserting “32, or 36C”.
(9) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting “36C(a),” after “36B,”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 3. PAYMENTS TO POSSESSIONS.

(a) MIRROR CODE POSSESSION.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the application of section 36C of the Internal Revenue Code of 1986 (as added by section 2) with respect to taxable years beginning after 2019. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(b) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of such possession by reason of the application of section 36C of such Code (as so added) for taxable years beginning after 2019 if a mirror code tax system had been in effect in such possession. The preceding sen-
tence shall not apply with respect to any possession of the
United States unless such possession has a plan, which
has been approved by the Secretary of the Treasury, under
which such possession will promptly distribute such pay-
ments to the residents of such possession.

(c) COORDINATION WITH CREDIT ALLOWED
AGAINST UNITED STATES INCOME TAXES.—No credit
shall be allowed against United States income taxes for
any taxable year under section 36C of the Internal Rev-

(1) to whom a credit is allowed against taxes
imposed by the possession by reason of the amend-
ments made by this section for such taxable year, or

(2) who is eligible for a payment under a plan
described in subsection (b) with respect to such tax-
able year.

(d) DEFINITIONS AND SPECIAL RULES.—

(1) POSSESSION OF THE UNITED STATES.—For
purposes of this section, the term “possession of the
United States” includes the Commonwealth of Puer-
to Rico and the Commonwealth of the Northern
Mariana Islands.

(2) MIRROR CODE TAX SYSTEM.—For purposes
of this section, the term “mirror code tax system”
means, with respect to any possession of the United
States, the income tax system of such possession if
the income tax liability of the residents of such pos-
session under such system is determined by ref-
-erence to the income tax laws of the United States
as if such possession were the United States.

(3) TREATMENT OF PAYMENTS.—For purposes
of section 1324(b)(2) of title 31, United States
Code, the payments under this section shall be treat-
ed in the same manner as a refund due from the
credit allowed under section 36C of the Internal