

116TH CONGRESS
1ST SESSION

H. R. 1560

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2019

Ms. DELAURO (for herself, Ms. DELBENE, Ms. ADAMS, Mr. AGUILAR, Ms. BARRAGÁN, Ms. BASS, Mrs. BEATTY, Mr. BEYER, Mr. BISHOP of Georgia, Mr. BLUMENAUER, Ms. BLUNT ROCHESTER, Ms. BONAMICI, Mr. BRENDAN F. BOYLE of Pennsylvania, Mr. BROWN of Maryland, Ms. BROWNLEY of California, Mr. BUTTERFIELD, Mr. CARBAJAL, Mr. CÁRDENAS, Mr. CARSON of Indiana, Mr. CARTWRIGHT, Ms. CASTOR of Florida, Mr. CASTRO of Texas, Ms. JUDY CHU of California, Mr. CICILLINE, Mr. CISNEROS, Ms. CLARK of Massachusetts, Ms. CLARKE of New York, Mr. CLAY, Mr. CLEAVER, Mr. CLYBURN, Mr. COHEN, Mr. CONNOLLY, Mr. COURTNEY, Mr. CUMMINGS, Mr. DANNY K. DAVIS of Illinois, Ms. DEAN, Mr. DEFazio, Ms. DEGETTE, Mrs. DEMINGS, Mr. DESAULNIER, Mr. DEUTCH, Mrs. DINGELL, Mr. MICHAEL F. DOYLE of Pennsylvania, Ms. ESCOBAR, Ms. ESHOO, Mr. ESPAILLAT, Mr. EVANS, Mr. FOSTER, Ms. FRANKEL, Ms. FUDGE, Mr. GALLEGRO, Mr. GARAMENDI, Mr. GARCÍA of Illinois, Ms. GARCIA of Texas, Mr. GOMEZ, Mr. GRIJALVA, Ms. HAALAND, Mr. HASTINGS, Mrs. HAYES, Mr. HECK, Mr. HIGGINS of New York, Mr. HIMES, Mr. HOYER, Mr. HUFFMAN, Ms. JACKSON LEE, Ms. JAYAPAL, Ms. JOHNSON of Texas, Mr. JOHNSON of Georgia, Ms. KAPTUR, Mr. KEATING, Ms. KELLY of Illinois, Mr. KENNEDY, Mr. KHANNA, Mr. KILDEE, Mr. KILMER, Mrs. KIRKPATRICK, Ms. KUSTER of New Hampshire, Mr. JEFFRIES, Mr. LANGEVIN, Mr. LARSEN of Washington, Mr. LARSON of Connecticut, Mrs. LAWRENCE, Ms. LEE of California, Mrs. LEE of Nevada, Mr. LEVIN of Michigan, Mr. LEWIS, Mr. TED LIEU of California, Mr. LOEBSACK, Ms. LOFGREN, Mr. LOWENTHAL, Mrs. LOWEY, Mr. LUJÁN, Mr. LYNCH, Mr. MALINOWSKI, Mrs. CAROLYN B. MALONEY of New York, Mr. SEAN PATRICK MALONEY of New York, Ms. MATSUI, Ms. MCCOLLUM, Mr. MCEACHIN, Mr. MCGOVERN, Mr. MCNERNEY, Mr. MEEKS, Ms. MENG, Ms. MOORE, Mr. MORELLE, Mr. MOULTON, Mr. NADLER, Mrs. NAPOLITANO, Mr. NEGUSE, Ms. NORTON, Ms. OCASIO-CORTEZ, Ms. OMAR, Mr. PALLONE, Mr. PANETTA, Mr. PASCRELL, Mr. PERLMUTTER, Ms. PINGREE, Ms. PLASKETT, Mr. POCAN, Mr. PRICE of North Carolina, Mr. QUIGLEY, Mr.

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. SARBANES, Ms. SCHAKOWSKY, 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. SUOZZI, Mr. TAKANO, Mr. THOMPSON of Mississippi, Ms. TITUS, Ms. TLAIB, Mr. TONKO, Mrs. TORRES 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. GABBARD, 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.

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 “American Family Act
 5 of 2019”.

6 **SEC. 2. ESTABLISHMENT OF FULLY REFUNDABLE CHILD**
 7 **TAX CREDIT.**

8 (a) **ELIMINATION OF EXISTING CHILD TAX CRED-**
 9 **IT.**—Subpart A of part IV of subchapter A of chapter 1
 10 of subtitle A of the Internal Revenue Code of 1986 is
 11 amended by striking section 24.

1 (b) ESTABLISHMENT OF FULLY REFUNDABLE
2 CHILD TAX CREDIT.—Subpart C of part IV of subchapter
3 A of chapter 1 of subtitle A of such Code is amended by
4 inserting after section 36B the following new section:

5 **“SEC. 36C. CHILD TAX CREDIT.**

6 “(a) ALLOWANCE OF CREDIT.—There shall be al-
7 lowed as a credit against the tax imposed by this chapter
8 for the taxable year an amount equal to the sum of—

9 “(1) with respect to each qualifying child of the
10 taxpayer who has attained 6 years of age before the
11 close of such taxable year and for which the tax-
12 payer is allowed a deduction under section 151, an
13 amount equal to \$3,000, and

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

20 “(b) LIMITATION.—

21 “(1) IN GENERAL.—The amount of the credit
22 allowable under subsection (a) shall be reduced (but
23 not below zero) by the applicable amount for each
24 \$1,000 (or fraction thereof) by which the taxpayer’s
25 modified adjusted gross income exceeds the thresh-

1 old amount. For purposes of the preceding sentence,
2 the term ‘modified adjusted gross income’ means ad-
3 justed gross income increased by any amount ex-
4 cluded from gross income under section 911, 931, or
5 933.

6 “(2) THRESHOLD AMOUNT.—

7 “(A) IN GENERAL.—For purposes of para-
8 graph (1), the term ‘threshold amount’
9 means—

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

12 “(ii) \$130,000 in the case of an indi-
13 vidual who is not married, and

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

16 “(B) MARITAL STATUS.—For purposes of
17 this paragraph, marital status shall be deter-
18 mined under section 7703.

19 “(3) APPLICABLE AMOUNT.—For purposes of
20 paragraph (1), the term ‘applicable amount’ means
21 an amount equal to the quotient of—

22 “(A) the amount of the credit allowable
23 under subsection (a), as determined without re-
24 gard to this subsection, divided by

25 “(B) an amount equal to the product of—

1 “(i) \$20, multiplied by

2 “(ii) the total number of qualifying
3 children of the taxpayer.

4 “(c) QUALIFYING CHILD.—

5 “(1) IN GENERAL.—In this section, the term
6 ‘qualifying child’ means a qualifying child of the tax-
7 payer (as defined in section 152(c)) who has not at-
8 tained 18 years of age.

9 “(2) EXCEPTION FOR CERTAIN NON-CITI-
10 ZENS.—The term ‘qualifying child’ shall not include
11 any individual who would not be a dependent if sub-
12 paragraph (A) of section 152(b)(3) were applied
13 without regard to all that follows ‘resident of the
14 United States’.

15 “(d) INFLATION ADJUSTMENT.—

16 “(1) IN GENERAL.—In the case of any taxable
17 year beginning after 2020, the \$3,000 amount in
18 subsection (a)(1) shall be increased by an amount
19 equal to—

20 “(A) such dollar amount, multiplied by

21 “(B) the cost-of-living adjustment deter-
22 mined under paragraph (2) for the calendar
23 year in which the taxable year begins.

24 “(2) COST-OF-LIVING ADJUSTMENT.—For pur-
25 poses of paragraph (1), the cost-of-living adjustment

1 for any calendar year is the percentage (if any) by
2 which—

3 “(A) the CPI for the preceding calendar
4 year (as determined pursuant to section
5 1(f)(4)), exceeds

6 “(B) the CPI for calendar year 2019.

7 “(3) ROUNDING.—If any increase determined
8 under paragraph (1) is not a multiple of \$50, such
9 increase shall be rounded to the nearest multiple of
10 \$50.

11 “(e) PARTIAL NON-REFUNDABLE CREDIT ALLOWED
12 FOR CERTAIN OTHER DEPENDENTS.—

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

22 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—
23 Paragraph (1) shall not apply with respect to any
24 individual who would not be a dependent if subpara-
25 graph (A) of section 152(b)(3) were applied without

1 regard to all that follows ‘resident of the United
2 States’.

3 “(3) LIMITATION.—

4 “(A) IN GENERAL.—The amount of the
5 credit allowable under paragraph (1) shall be
6 reduced (but not below zero) by \$50 for each
7 \$1,000 (or fraction thereof) by which the tax-
8 payer’s modified adjusted gross income exceeds
9 the threshold amount.

10 “(B) MODIFIED ADJUSTED GROSS IN-
11 COME.—For purposes of subparagraph (A), the
12 term ‘modified adjusted gross income’ means
13 adjusted gross income increased by any amount
14 excluded from gross income under section 911,
15 931, or 933.

16 “(C) THRESHOLD AMOUNT.—

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

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

22 “(II) \$150,000 in the case of an
23 individual who is not married, and

1 “(III) \$100,000 in the case of a
2 married individual filing a separate
3 return.

4 “(ii) MARITAL STATUS.—For pur-
5 poses of this subparagraph, marital status
6 shall be determined under section 7703.

7 “(f) IDENTIFICATION REQUIREMENTS.—

8 “(1) QUALIFYING CHILD AND DEPENDENT
9 IDENTIFICATION REQUIREMENT.—No credit shall be
10 allowed under this section to a taxpayer with respect
11 to any qualifying child or dependent unless the tax-
12 payer includes the name and taxpayer identification
13 number of such qualifying child or dependent on the
14 return of tax for the taxable year and such taxpayer
15 identification number was issued on or before the
16 due date for filing such return.

17 “(2) TAXPAYER IDENTIFICATION REQUIRE-
18 MENT.—No credit shall be allowed under this section
19 if the taxpayer identification number of the taxpayer
20 was issued after the due date for filing the return
21 for the taxable year.

22 “(g) TAXABLE YEAR MUST BE FULL TAXABLE
23 YEAR.—Except in the case of a taxable year closed by rea-
24 son of the death of the taxpayer, no credit shall be allow-

1 able under this section in the case of a taxable year cov-
2 ering a period of less than 12 months.

3 “(h) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
4 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

5 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
6 OR RECKLESS CLAIMS.—

7 “(A) IN GENERAL.—No credit shall be al-
8 lowed under this section for any taxable year in
9 the disallowance period.

10 “(B) DISALLOWANCE PERIOD.—For pur-
11 poses of subparagraph (A), the disallowance pe-
12 riod is—

13 “(i) the period of 10 taxable years
14 after the most recent taxable year for
15 which there was a final determination that
16 the taxpayer’s claim of credit under this
17 section was due to fraud, and

18 “(ii) the period of 2 taxable years
19 after the most recent taxable year for
20 which there was a final determination that
21 the taxpayer’s claim of credit under this
22 section was due to reckless or intentional
23 disregard of rules and regulations (but not
24 due to fraud).

1 “(2) TAXPAYERS MAKING IMPROPER PRIOR
2 CLAIMS.—In the case of a taxpayer who is denied
3 credit under this section for any taxable year as a
4 result of the deficiency procedures under subchapter
5 B of chapter 63, no credit shall be allowed under
6 this section for any subsequent taxable year unless
7 the taxpayer provides such information as the Sec-
8 retary may require to demonstrate eligibility for
9 such credit.

10 “(i) RECONCILIATION OF CREDIT AND ADVANCE
11 CREDIT.—

12 “(1) IN GENERAL.—The amount of the credit
13 allowed under this section for any taxable year shall
14 be reduced (but not below zero) by the aggregate
15 amount of any advance payments of such credit
16 under section 7527A for such taxable year.

17 “(2) EXCESS ADVANCE PAYMENTS.—If the ag-
18 gregate amount of advance payments under section
19 7527A for the taxable year exceed the amount of the
20 credit allowed under this section for such taxable
21 year (determined without regard to paragraph (1)),
22 the tax imposed by this chapter for such taxable
23 year shall be increased by the amount of such ex-
24 cess”.

1 (c) ADVANCE PAYMENT OF CREDIT.—Chapter 77 of
2 the Internal Revenue Code of 1986 is amended by insert-
3 ing after section 7527 the following new section:

4 **“SEC. 7527A. ADVANCE PAYMENT OF CHILD TAX CREDIT.**

5 “(a) IN GENERAL.—As soon as practicable and not
6 later than 1 year after the date of the enactment of this
7 section, the Secretary shall establish a program for mak-
8 ing advance payments of the credit allowed under sub-
9 section (a) of section 36C on a monthly basis (determined
10 without regard to subsection (i)(1) of such section), or as
11 frequently as the Secretary determines to be administra-
12 tively feasible, to taxpayers allowed such credit.

13 “(b) LIMITATION.—

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

19 “(A) subject to paragraph (2), the amount
20 determined under subsection (a) of section 36C
21 with respect to such taxpayer (determined with-
22 out regard to subsection (i) of such section) for
23 such taxable year, over

24 “(B) the estimated tax imposed by subtitle
25 A, as reduced by the credits allowable under

1 subparts A and C (with the exception of section
2 36C) of such part IV, with respect to such tax-
3 payer for such taxable year, as determined in
4 such manner as the Secretary deems appro-
5 priate.

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

11 (d) CONFORMING AMENDMENTS.—

12 (1) The table of sections for subpart A of part
13 IV of subchapter A of chapter 1 of subtitle A of the
14 Internal Revenue Code of 1986 is amended by strik-
15 ing the item relating to section 24.

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

“Sec. 36C. Child tax credit.”.

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

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

23 (4) Subparagraph (B) of section 45R(f)(3) of
24 such Code is amended to read as follows:

1 “(B) SPECIAL RULE.—Any amounts paid
2 pursuant to an agreement under section 3121(l)
3 (relating to agreements entered into by Amer-
4 ican employers with respect to foreign affiliates)
5 which are equivalent to the taxes referred to in
6 subparagraph (A) shall be treated as taxes re-
7 ferred to in such subparagraph.”.

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

11 (6) Paragraph (26) of section 501(c) of such
12 Code is amended in the flush matter at the end by
13 striking “section 24(c)” and inserting “section
14 36C(e)”.

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

17 (A) by striking “24(d),” and

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

19 (8) Section 6213(g)(2) of such Code is amend-
20 ed—

21 (A) in subparagraph (I), by striking “sec-
22 tion 24(e)” and inserting “section 36C(f),” and

23 (B) in subparagraph (L), by striking “24,
24 or 32” and inserting “32, or 36C”.

1 (9) Paragraph (2) of section 1324(b) of title
2 31, United States Code, is amended by inserting
3 “36C(a),” after “36B,”.

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

7 **SEC. 3. PAYMENTS TO POSSESSIONS.**

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

17 (b) OTHER POSSESSIONS.—The Secretary of the
18 Treasury shall pay to each possession of the United States
19 which does not have a mirror code tax system amounts
20 estimated by the Secretary of the Treasury as being equal
21 to the aggregate benefits that would have been provided
22 to residents of such possession by reason of the application
23 of section 36C of such Code (as so added) for taxable
24 years beginning after 2019 if a mirror code tax system
25 had been in effect in such possession. The preceding sen-

1 tence shall not apply with respect to any possession of the
2 United States unless such possession has a plan, which
3 has been approved by the Secretary of the Treasury, under
4 which such possession will promptly distribute such pay-
5 ments to the residents of such possession.

6 (c) COORDINATION WITH CREDIT ALLOWED
7 AGAINST UNITED STATES INCOME TAXES.—No credit
8 shall be allowed against United States income taxes for
9 any taxable year under section 36C of the Internal Rev-
10 enue Code of 1986 (as so added) to any person—

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

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

17 (d) DEFINITIONS AND SPECIAL RULES.—

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

23 (2) MIRROR CODE TAX SYSTEM.—For purposes
24 of this section, the term “mirror code tax system”
25 means, with respect to any possession of the United

1 States, the income tax system of such possession if
2 the income tax liability of the residents of such pos-
3 session under such system is determined by ref-
4 erence to the income tax laws of the United States
5 as if such possession were the United States.

6 (3) TREATMENT OF PAYMENTS.—For purposes
7 of section 1324(b)(2) of title 31, United States
8 Code, the payments under this section shall be treat-
9 ed in the same manner as a refund due from the
10 credit allowed under section 36C of the Internal
11 Revenue Code of 1986.

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