

116TH CONGRESS
1ST SESSION

H. R. 2649

To provide for a Federal match for earned income credit expansion for
Puerto Rico.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2019

Mr. PASCARELL (for himself, Mr. BEYER, Mr. GRIJALVA, Mr. HIGGINS of New York, Mr. SOTO, Mrs. WATSON COLEMAN, Ms. VELÁZQUEZ, Ms. LEE of California, and Miss GONZÁLEZ-COLÓN of Puerto Rico) introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To provide for a Federal match for earned income credit
expansion for Puerto Rico.

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 “Tax Equity and Pros-
5 perity for Puerto Rican Families Act of 2019”.

6 **SEC. 2. EARNED INCOME CREDIT EXPANSION FOR PUERTO**
7 **RICO.**

8 (a) IN GENERAL.—Subsequent to an amendment of
9 the Puerto Rico Internal Revenue Code of 2011 expanding

1 the earned income credit added by Act 257–2018 in a
2 manner that both reduces poverty and encourages labor
3 force participation, the Secretary of the Treasury shall
4 make annual payments to Puerto Rico in the amount de-
5 termined under subsection (b). Such payments shall be
6 made only if Puerto Rico provides to the Secretary of the
7 Treasury—

8 (1) a report prepared by the Secretary of the
9 Treasury of Puerto Rico of the estimated cost of
10 such expansion in the first year that the expanded
11 earned income credit will be paid by Puerto Rico;
12 and

13 (2) annually thereafter, a report prepared by
14 the Secretary of the Treasury of Puerto Rico of the
15 estimated cost of such expansion in the year of the
16 report and an updated estimate of the actual cost of
17 such expansion in the preceding year.

18 Puerto Rico shall submit to the Secretary the report in
19 paragraph (1) or (2) on or after January 15 of the year
20 in which the expanded earned income credit will be paid
21 in Puerto Rico, and the Secretary shall make each annual
22 payment within three weeks of receiving the report.

23 (b) ANNUAL PAYMENT.—

24 (1) The payment in any year shall comprise the
25 base payment for that year and the adjustment for

1 any underpayment or overpayment made in the prior
2 year.

3 (2) The base payment for a year shall be the
4 estimated cost for that year under subsection (a) or
5 \$612,000,000, whichever is less.

6 (3) The adjustment for a year shall be an in-
7 crease equal to any underpayment in the prior year,
8 or a decrease equal to any overpayment in the prior
9 year.

10 (A) An underpayment in the prior year is
11 the amount by which the base payment in the
12 prior year would have been higher if the esti-
13 mated cost in the prior year under subsection
14 (a) had equaled the updated estimate of the ac-
15 tual cost in the prior year under subsection
16 (a)(2).

17 (B) An overpayment in the prior year is
18 the amount by which the base payment in the
19 prior year would have been lower if the esti-
20 mated cost in the prior year under subsection
21 (a) had equaled the updated estimate of the ac-
22 tual cost in the prior year under subsection
23 (a)(2).

24 (c) COST OF EXPANSION.—For purposes of this sec-
25 tion, the cost of expanding the earned income credit in

1 Puerto Rico as described in subsection (a) for a year shall
2 include only the cost of the amendments made as de-
3 scribed in such subsection relative to the cost of laws in
4 effect on the date of the enactment of this Act as if those
5 laws had remained in effect.

6 (d) REPORTING REQUIREMENTS.—When the Sec-
7 retary of the Treasury of Puerto Rico submits to the Sec-
8 retary of the Treasury the report in subsection (a), then
9 the Secretary of the Treasury of Puerto Rico shall submit
10 at the same time a separate report on the application of
11 the Puerto Rico earned income credit, including the num-
12 ber of beneficiaries and household composition, average
13 benefits for different households, participation rates for el-
14 igible populations, error rates and other compliance mat-
15 ters, and the effects of the credit on labor force participa-
16 tion and poverty reduction.

17 (e) OUTREACH GRANT.—In addition to the payments
18 under subsection (a), the Secretary of the Treasury shall
19 make a one-time grant in the amount of \$5,000,000 to
20 Puerto Rico immediately after the enactment by Puerto
21 Rico of an expansion of its earned income credit as re-
22 ferred to in subsection (a), for the purpose of taxpayer
23 education efforts relating to the earned income credit, in-
24 cluding education of paid tax preparers.

1 (f) APPROPRIATIONS.—There are hereby appro-
2 priated to the Secretary of the Treasury such sums as are
3 necessary to carry out the purposes of this section.

4 (g) ADJUSTMENT FOR INFLATION.—

5 (1) IN GENERAL.—For each calendar year be-
6 ginning after the year of the first payment made
7 under subsection (b), the \$612,000,000 amount in
8 that subsection shall be increased by an amount
9 equal to—

10 (A) such dollar amount; multiplied by

11 (B) the cost-of-living adjustment deter-
12 mined under section 1(f)(3) of the Internal
13 Revenue Code of 1986, determined by sub-
14 stituting the calendar year preceding the year
15 of the first payment made under subsection (b)
16 for “2016” in subparagraph (A)(ii) thereof.

17 (2) ROUNDING.—If any amount calculated
18 under paragraph (1) is not a multiple of \$500, such
19 amount shall be rounded to the next lower multiple
20 of \$500.

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