

116TH CONGRESS  
1ST SESSION

# H. R. 5271

To amend the Internal Revenue Code of 1986 to expand and improve the earned income tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 26, 2019

Ms. MOORE (for herself, Ms. FUDGE, Mr. BISHOP of Georgia, Ms. BASS, Ms. LEE of California, Mr. CLAY, Mrs. CAROLYN B. MALONEY of New York, Mr. DANNY K. DAVIS of Illinois, Mr. RUSH, Mr. BUTTERFIELD, Mrs. WATSON COLEMAN, Ms. OMAR, Ms. JACKSON LEE, Ms. NORTON, Ms. SCHAKOWSKY, Mr. COHEN, Ms. TLAIB, Mr. POCAN, Mr. NADLER, Ms. ESCOBAR, Mr. HASTINGS, Ms. JAYAPAL, Ms. JUDY CHU of California, Mr. HUFFMAN, Mrs. LAWRENCE, Ms. PRESSLEY, Mr. GARCÍA of Illinois, Mr. KHANNA, Ms. GARCIA of Texas, Ms. HAALAND, Mr. GRIJALVA, Mr. CICILLINE, and Mr. RYAN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand and improve the earned income tax credit.

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 “Worker Relief and  
5 Credit Reform Act of 2019” or as the “WRCR Act of  
6 2019”.

1 **SEC. 2. EXPANSION AND IMPROVEMENT OF EARNED IN-**  
2 **COME TAX CREDIT.**

3 (a) APPLICATION TO STUDENTS.—

4 (1) IN GENERAL.—Section 32(c)(1)(A)(i) of the  
5 Internal Revenue Code of 1986 is amended by in-  
6 sserting “who is a qualifying student or” after “any  
7 individual”.

8 (2) QUALIFYING STUDENT.—Section 32(c) of  
9 such Code is amended by redesignating paragraph  
10 (4) as paragraph (5) and inserting after paragraph  
11 (3) the following new paragraph:

12 “(4) QUALIFYING STUDENT.—

13 “(A) IN GENERAL.—The term ‘qualifying  
14 student’ means, with respect to any taxable  
15 year, any individual who—

16 “(i) is an eligible student (as defined  
17 in section 25A(b)(3)) with respect to at  
18 least one academic period beginning during  
19 such taxable year,

20 “(ii) either—

21 “(I) qualifies for a Federal Pell  
22 Grant with respect to such academic  
23 period, or

24 “(II) meets the requirements of  
25 subparagraph (B) or (C) for the tax-  
26 able year, and

1           “(iii) is not a dependent for whom a  
2           deduction is allowable under section 151 to  
3           another taxpayer for any taxable year be-  
4           ginning in the same calendar year as such  
5           taxable year.

6           “(B) INDEPENDENT STUDENTS.—In the  
7           case of any independent student, the require-  
8           ments of this subparagraph are met for such  
9           taxable year if the household income of the tax-  
10          payer is less than 300 percent of the poverty  
11          line for the size of the family involved for the  
12          taxable year.

13          “(C) OTHER STUDENTS.—

14                 “(i) IN GENERAL.—In the case of any  
15                 individual who is not an independent stu-  
16                 dent, the requirements of this subpara-  
17                 graph are met for such taxable year if the  
18                 aggregate household incomes of all the in-  
19                 dividual’s specified supporters (and the  
20                 taxpayer if not otherwise taken into ac-  
21                 count) for the taxable years of such sup-  
22                 porters which end in or with the calendar  
23                 year in which such individual’s taxable  
24                 year begins is less than 300 percent of the  
25                 poverty line for the size of the family in-

1           volved (determined on a single aggregate  
2           basis) for the taxable year.

3           “(ii) SPECIFIED SUPPORTER.—The  
4           term ‘specified supporter’ means, with re-  
5           spect to any individual described in clause  
6           (i), any taxpayer with respect to whom  
7           such individual was a dependent for any  
8           taxable year ending in the 3-year period  
9           described in subparagraph (D)(i).

10          “(D) INDEPENDENT STUDENT DEFINED.—

11           “(i) IN GENERAL.—The term ‘inde-  
12           pendent student’ means any individual if  
13           such individual was not a dependent of an-  
14           other taxpayer for any taxable year ending  
15           in the 3-year period which ends on the  
16           first day of the first academic period with  
17           respect to which such individual is an eligi-  
18           ble student (as defined in section  
19           25A(b)(3)).

20           “(ii) CERTAIN ACADEMIC PERIODS  
21           DISREGARDED.—An academic period shall  
22           be disregarded under clause (i) if such aca-  
23           demic period ends more than 2 years be-  
24           fore the beginning of the next academic pe-  
25           riod with respect to which the individual is

1 an eligible student (as defined in section  
2 25A(b)(3)).

3 “(E) OTHER DEFINITIONS.—

4 “(i) HOUSEHOLD INCOME.—The term  
5 ‘household income’ has the meaning given  
6 such term in section 36B(d)(2).

7 “(ii) POVERTY LINE.—The term ‘pov-  
8 erty line’ has the meaning given such term  
9 in section 36B(d)(3)(A).

10 “(iii) FAMILY SIZE.—The family size  
11 involved with respect to any taxpayer shall  
12 be determined under rules similar to the  
13 rules of section 36B(d)(1).”.

14 (3) CONFORMING AMENDMENT.—Section  
15 32(c)(1)(A)(ii) of such Code is amended by striking  
16 “any other individual who does not have a qualifying  
17 child” and inserting “any individual not described in  
18 clause (i)”.

19 (b) MODIFICATION OF AGE REQUIREMENTS.—Sec-  
20 tion 32(c)(1)(A)(ii)(II) of such Code is amended by strik-  
21 ing “has attained age 25 but not attained age 65” and  
22 inserting “has attained age 18”.

23 (c) CARE-GIVING AND LEARNING TAKEN INTO AC-  
24 COUNT AS COMPENSATED WORK.—Section 32(a) of such

1 Code is amended by adding at the end the following new  
2 paragraph:

3           “(3) SPECIAL RULE FOR QUALIFYING STU-  
4           DENTS AND CERTAIN INDIVIDUALS WITH ONE OR  
5           MORE QUALIFYING DEPENDENTS.—For purposes of  
6           paragraph (1), any individual—

7                   “(A) who is a qualifying student, or

8                   “(B) who has a qualifying dependent,  
9           shall be treated as having earned income for the tax-  
10          able year which is equal to the earned income  
11          amount with respect to such individual for such tax-  
12          able year.”.

13          (d) TREATMENT OF CERTAIN QUALIFYING REL-  
14          ATIVES.—

15               (1) IN GENERAL.—Section 32(c)(3) of such  
16          Code is amended by striking all that precedes sub-  
17          paragraph (B) and inserting the following:

18                   “(3) QUALIFYING DEPENDENT.—

19                   “(A) IN GENERAL.—The term ‘qualifying  
20          dependent’ means—

21                           “(i) a qualifying child of the taxpayer,  
22                           as defined in section 152(c), determined—

23                                   “(I) by substituting ‘12’ for ‘19’  
24                                   in paragraph (3)(A)(i) thereof, and

1                   “(II) without regard to para-  
2                   graphs (1)(D) and (3)(A)(ii) thereof  
3                   and section 152(e),

4                   “(ii) any individual who is physically  
5                   or mentally incapable of caring for himself  
6                   or herself (within the meaning of section  
7                   21(b)(1)) and who—

8                   “(I) is the taxpayer’s spouse, or

9                   “(II) is a qualifying relative of  
10                  the taxpayer, as defined in section  
11                  152(d), determined without regard to  
12                  paragraph (1)(B) thereof and by  
13                  treating an individual as a qualifying  
14                  child of the taxpayer for purposes of  
15                  paragraph (1)(D) thereof only if such  
16                  individual is a qualifying child of the  
17                  taxpayer as determined under clause  
18                  (i) of this subparagraph, or

19                  “(iii) any qualifying relative of the  
20                  taxpayer (as defined in section 152(d), de-  
21                  termined without regard to paragraph  
22                  (1)(B) thereof) who has attained age 65 as  
23                  of the close of the calendar year in which  
24                  the taxable year of the taxpayer begins.

1 For purposes of determining if any individual is  
2 a qualifying relative of the taxpayer under  
3 clause (ii)(II) or (iii), section 152(d)(1)(C) shall  
4 be applied by not taking into account any bene-  
5 fits received by such individual pursuant to any  
6 Federal program (or any State or local program  
7 financed in whole or in part with Federal  
8 funds) related to health care, cash aid, child  
9 care, food assistance, housing and development,  
10 social services, employment and training, or en-  
11 ergy assistance.”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Section 32(c)(1)(A)(i) of such Code  
14 are each amended by striking “qualifying child”  
15 and inserting “qualifying dependent”.

16 (B) Section 32(c)(1)(B) of such Code is  
17 amended—

18 (i) by striking “qualifying child” and  
19 inserting “qualifying dependent”, and

20 (ii) by striking “CHILD” in the head-  
21 ing and inserting “DEPENDENT”.

22 (C) Section 32(c)(1)(F) of such Code is  
23 amended—

24 (i) by striking “qualifying children”  
25 and inserting “qualifying dependents”,

1 (ii) by striking “qualifying child” and  
2 inserting “qualifying dependent”, and

3 (iii) by striking “QUALIFYING CHILD”  
4 in the heading and inserting “QUALIFYING  
5 DEPENDENT”.

6 (D) Section 32(e)(3)(D)(i) of such Code is  
7 amended by striking “qualifying child” both  
8 places it appears and inserting “qualifying de-  
9 pendent”.

10 (e) MODIFICATION OF PERCENTAGES AND  
11 AMOUNTS.—

12 (1) 100 PERCENT CREDIT PERCENTAGE.—  
13 Paragraph (1) and paragraph (2)(A) of section  
14 32(a) of such Code are each amended by striking  
15 “the credit percentage of”.

16 (2) 20 PERCENT PHASEOUT PERCENTAGE.—  
17 Section 32(a)(2)(B) of such Code is amended by  
18 striking “the phaseout percentage” and inserting  
19 “20 percent”.

20 (3) MODIFICATION OF EARNED INCOME AND  
21 PHASEOUT AMOUNTS.—Section 32(b) of such Code  
22 is amended to read as follows:

23 “(b) EARNED INCOME AMOUNT; PHASEOUT  
24 AMOUNT.—For purposes of this section—

1           “(1) EARNED INCOME AMOUNT.—The term  
2           ‘earned income amount’ means \$4,000 (twice such  
3           amount in the case of a joint return).

4           “(2) PHASEOUT AMOUNT.—The term ‘phaseout  
5           amount’ means \$30,000 (\$50,000 in the case of a  
6           joint return).

7           “(3) INFLATION ADJUSTMENT.—In the case of  
8           any taxable year beginning after 2019, the \$4,000  
9           amount in paragraph (1) and each dollar amount in  
10          paragraph (2) shall be increased by an amount equal  
11          to—

12                   “(A) such dollar amount, multiplied by  
13                   “(B) the cost-of-living adjustment deter-  
14                   mined under section 1(f)(3) for the calendar  
15                   year in which the taxable year begins, deter-  
16                   mined by substituting ‘2018’ for ‘2016’ in sub-  
17                   paragraph (A)(ii) thereof.

18          If any increase under the preceding sentence is not  
19          a multiple of \$50, such increase shall be rounded to  
20          the next lowest multiple of \$50.”.

21          (4) CONFORMING AMENDMENTS.—

22                   (A) Section 32(i) of such Code is amended  
23                   by adding at the end the following new para-  
24                   graph:

25                   “(3) INFLATION ADJUSTMENT.—

1           “(A) IN GENERAL.—In the case of any  
2 taxable year beginning after 2018, the \$2,200  
3 amount in subsection (i)(1) shall be increased  
4 by an amount equal to—

5                   “(i) such dollar amount, multiplied by

6                   “(ii) the cost-of-living adjustment de-  
7 termined under section 1(f)(3) for the cal-  
8 endar year in which the taxable year be-  
9 gins, determined by substituting ‘1995’ for  
10 ‘2016’ in subparagraph (A)(ii) thereof.

11           “(B) ROUNDING.—If any increase under  
12 subparagraph (A) is not a multiple of \$50, such  
13 increase shall be rounded to the next lowest  
14 multiple of \$50.”.

15           (B) Section 32 of such Code is amended by  
16 striking subsection (j).

17       (f) INCREASED CREDIT FOR CERTAIN UNMARRIED  
18 INDIVIDUALS WITH 2 OR MORE QUALIFYING CHIL-  
19 DREN.—

20           (1) IN GENERAL.—Section 32 of such Code is  
21 amended by inserting after subsection (f) the fol-  
22 lowing new subsection:

23           “(g) INCREASED CREDIT FOR CERTAIN UNMARRIED  
24 INDIVIDUALS WITH 2 OR MORE QUALIFYING CHIL-  
25 DREN.—

1           “(1) IN GENERAL.—In the case of a qualified  
2 individual, the amount of the credit otherwise deter-  
3 mined under subsection (a) shall be increased by the  
4 amount of the credit determined under this section  
5 as such section was in effect for taxable years begin-  
6 ning in 2018 but with the modifications described in  
7 paragraph (2).

8           “(2) MODIFICATIONS.—Solely for purposes of  
9 determining the increase under paragraph (1)—

10           “(A) CREDIT PERCENTAGE.—The credit  
11 percentage shall be equal to—

12           “(i) in the case of a qualified indi-  
13 vidual with 2 qualifying children, 12.5 per-  
14 cent, and

15           “(ii) in the case of a qualified indi-  
16 vidual with 3 or more qualifying children,  
17 18.75 percent.

18           “(B) PHASEOUT PERCENTAGE.—The  
19 phaseout percentage shall be equal to 5 percent.

20           “(C) APPLICATION OF INFLATION ADJUST-  
21 MENT.—Section 32(j) as in effect for taxable  
22 years beginning in 2018 shall be applied by tak-  
23 ing into account the taxable year for which the  
24 increase under paragraph (1) is determined.

1           “(3) QUALIFIED INDIVIDUAL.—For purposes of  
2 this subsection, the term ‘qualified individual’ means  
3 any individual who—

4                   “(A) is not married (as determined under  
5 section 7703), and

6                   “(B) has 2 or more qualifying children.

7           “(4) QUALIFYING CHILD.—For purposes of this  
8 subsection, the term ‘qualifying child’ means a child  
9 described in subsection (c)(3)(A)(i) determined with-  
10 out regard to subclause (I) thereof.”.

11 (g) ADVANCE PAYMENT.—

12           (1) IN GENERAL.—Chapter 77 of such Code is  
13 amended by adding at the end the following new sec-  
14 tion:

15 **“SEC. 7529. ADVANCE PAYMENT OF EARNED INCOME CRED-  
16 IT; EARNED INCOME SAVINGS ACCOUNTS.**

17           “(a) IN GENERAL.—Not later than the date that is  
18 2 years after the date of the enactment of this section,  
19 the Secretary shall establish a program for making direct  
20 advance monthly payments of the credit allowable under  
21 section 32 to taxpayers who elect to receive such pay-  
22 ments.

23           “(b) LIMITATION.—The aggregate monthly payments  
24 made under subsection (a) with respect to any taxpayer  
25 for any taxable year shall not exceed 75 percent of the

1 estimated amount of the credit allowable under section 32  
2 to such taxpayer for such taxable year.

3 “(c) ELECTION.—The election under subsection (a)  
4 may be made or changed for subsequent periods at any  
5 time during the taxable year. In the case of an election  
6 made after the beginning of a taxable year, the monthly  
7 advance payments shall be made for months beginning  
8 after the date that such election becomes effective and the  
9 total amount of advance payments (subject to the limita-  
10 tion of subsection (b)) shall be prorated among the re-  
11 maining months.

12 “(d) METHOD OF PAYMENT.—The program estab-  
13 lished under subsection (a) shall include an option for tax-  
14 payers to elect to receive payments under such program  
15 by prepaid debit card.

16 “(e) REPORTS TO TAXPAYERS.—

17 “(1) IN GENERAL.—With respect to payments  
18 made under this section for any calendar year, not  
19 later than January 31 of the following calendar  
20 year, the Secretary shall issue a statement to each  
21 individual with respect to whom payments were  
22 made under this section setting forth—

23 “(A) the name, address, and TIN of such  
24 person,

1           “(B) the aggregate amount of payments  
2           made under this section with respect to such  
3           person for such calendar year,

4           “(C) a statement that such individual is  
5           required to file a return of tax with respect to  
6           taxable years which include any portion of such  
7           calendar year regardless of whether such indi-  
8           vidual has income tax liability with respect to  
9           such taxable years, and

10           “(D) such other information as the Sec-  
11           retary may provide.

12           “(2) ELECTION TO RECEIVE STATEMENT  
13           THROUGH ON-LINE PORTAL.—A taxpayer may elect  
14           to receive the statement described in paragraph (1)  
15           through the on-line portal described in subsection  
16           (f).

17           “(f) RECAPTURE OF EXCESS PAYMENTS.—If the ag-  
18           gregate payments made to any taxpayer under subsection  
19           (a) with respect to any taxable year exceed the credit al-  
20           lowed under section 32 (determined without regard to sub-  
21           section (h) thereof) with respect to such taxpayer for such  
22           taxable year, the tax imposed by chapter 1 with respect  
23           to such taxpayer for such taxable year shall be increased  
24           by such excess.

1       “(g) RESTRICTION ON ALLOWANCE OF ADVANCE  
2 PAYMENT IF EXCESS PAYMENTS NOT REPAID.—In the  
3 case of a taxpayer who fails to pay any tax liability which  
4 includes an increase determined under subsection (f) be-  
5 fore the date on which payment of such tax is due, no  
6 payment shall be made under subsection (a) to such tax-  
7 payer during the period beginning on such date and end-  
8 ing with the 2-year period which begins on the date that  
9 such tax liability (and any interest or penalties in connec-  
10 tion with such liability) has been paid in full.”.

11           (2) COORDINATION WITH CREDIT.—Section 32  
12 of such Code, as amended by subsection (f), is  
13 amended by inserting after subsection (g) the fol-  
14 lowing new subsection:

15       “(h) COORDINATION WITH ADVANCE PAYMENT OF  
16 CREDIT.—With respect to any taxable year, the amount  
17 which would (but for this subsection) be allowed as a cred-  
18 it to the taxpayer under this section shall be reduced (but  
19 not below zero) by the aggregate payments made under  
20 section 7529 to such taxpayer for such taxable year.”.

21           (3) ONE-ON-ONE CONSULTATIONS.—The Sec-  
22 retary of the Treasury (or the Secretary’s delegate)  
23 shall ensure that in person, telephonic, and virtual  
24 one-on-one consultations between taxpayers and the  
25 Internal Revenue Service are available to assist tax-

1 payers at all times during regular business hours  
2 (and, in the case of in person consultations, at all  
3 taxpayer assistance centers of the Internal Revenue  
4 Service) in determining—

5 (A) their eligibility for the advance pay-  
6 ment program established under section 7529,

7 (B) the amount of the monthly payment  
8 for which the taxpayer is eligible under such  
9 program,

10 (C) the circumstances or changes in cir-  
11 cumstances which, based on the particular char-  
12 acteristics of such taxpayer, are most likely to  
13 result in excess payments to such taxpayer  
14 which would be subject to recapture under sec-  
15 tion 7529(f), and

16 (D) such other matters as such Secretary  
17 or delegate determines appropriate.

18 (4) ON-LINE PORTAL.—The Secretary of the  
19 Treasury (or the Secretary’s delegate) shall establish  
20 an on-line portal which allows taxpayers to—

21 (A) elect to receive advance monthly pay-  
22 ment under section 7529, including determining  
23 the estimated amount described in subsection  
24 (b) of such section and determining the amount  
25 of such monthly payments,

1 (B) report changes in circumstances and  
2 modify the amount of future advance monthly  
3 payments under such section, and

4 (C) stop future advance monthly payments  
5 under such section and pay back any advance  
6 monthly payments.

7 (5) CLERICAL AMENDMENT.—The table of sec-  
8 tions for chapter 77 of such Code is amended by  
9 adding at the end the following new item:

“Sec. 7529. Advance payment of earned income credit; earned income savings  
accounts.”.

10 (h) OUTREACH PILOT PROGRAM.—

11 (1) IN GENERAL.—Not later than 1 year after  
12 the date of the enactment of this Act, the Secretary  
13 of the Treasury (or the Secretary’s designee) shall  
14 establish a program to educate taxpayers regarding  
15 the availability of the earned income tax credit and  
16 the advance monthly payment of such credit. Pursu-  
17 ant to such program—

18 (A) EITC EDUCATIONAL LETTERS.—The  
19 Secretary (or designee) shall provide a written  
20 notice describing the earned income tax credit,  
21 the qualifications for receiving such credit, and  
22 the program for the advance payment of such  
23 credit to each taxpayer that the Secretary (or

1           designee) determines is likely to qualify for such  
2           credit.

3           (B) DISTRICT OFFICE WORKSHOPS.—Each  
4           district office of the Internal Revenue Service  
5           shall provide workshops and seminars to assist  
6           and educate taxpayers regarding the earned in-  
7           come tax credit and the program to provide ad-  
8           vance monthly payments of such credit.

9           (C) QUARTERLY REMINDERS.—The Inter-  
10          nal Revenue Service shall provide written re-  
11          minders each calendar quarter to taxpayers  
12          participating in the program to provide advance  
13          monthly payments of the earned income tax  
14          credit that the amount of such payments are  
15          determined on the basis of estimates based on  
16          information previously provided by the tax-  
17          payer, that the taxpayer is responsible for re-  
18          paying any amounts received which are in ex-  
19          cess of the actual amount of the earned income  
20          tax credit, and that the taxpayer should review  
21          all the facts and circumstances that may affect  
22          the amount of the earned income tax credit of  
23          the taxpayer which the taxpayer is receiving in  
24          advance.

1           (2) TERMINATION.—The program established  
2 under paragraph (1) shall terminate at the close of  
3 the 10-year period beginning on the date that such  
4 program is established by the Secretary (or des-  
5 ignee).

6           (3) REPORT ON EFFECTIVENESS OF PRO-  
7 GRAM.—On the date which is 5 years after the es-  
8 tablishment of the program under paragraph (1),  
9 the Secretary shall submit to Congress a report eval-  
10 uating the effectiveness of the program, including a  
11 detailed examination of the effectiveness of each of  
12 the initiatives described in subparagraphs (A), (B),  
13 and (C) of paragraph (1).

14          (i) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years beginning after  
16 December 31, 2018.

○