

119TH CONGRESS
1ST SESSION

S. 3534

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

IN THE SENATE OF THE UNITED STATES

DECEMBER 17, 2025

Mr. WARNER (for himself and Mr. JUSTICE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for increasing wages paid to child care providers.

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. CHILD CARE SUPPLY CREDIT.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by adding at the end the following new
7 section:

8 **“SEC. 45BB. CHILD CARE SUPPLY CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 38, the
10 amount of the child care supply credit determined under

1 this section with respect to any employer for any taxable
 2 year is an amount equal to the applicable percentage of
 3 the qualified child care wages paid or incurred by the em-
 4 ployer.

5 “(b) APPLICABLE PERCENTAGE.—For purposes of
 6 this section—

7 “(1) IN GENERAL.—Except as provided in para-
 8 graph (2), the applicable percentage is 5 percent.

9 “(2) RURAL AREAS.—

10 “(A) IN GENERAL.—In the case of quali-
 11 fied child care wages paid or incurred with re-
 12 spect to employment at an eligible childcare fa-
 13 cility which is located in a rural area, the appli-
 14 cable percentage is 7 percent.

15 “(B) RURAL AREA DEFINED.—For pur-
 16 poses of this paragraph, the term ‘rural area’
 17 means any area other than an urban area (as
 18 defined in section 101(a)(35) of title 23, United
 19 States Code).

20 “(c) DEFINITIONS.—For purposes of this section—

21 “(1) QUALIFIED CHILD CARE WAGES.—

22 “(A) IN GENERAL.—The term ‘qualified
 23 child care wages’ means wages paid to qualified
 24 child care workers.

1 “(B) WAGES.—The term ‘wages’ has the
 2 meaning given such term by subsection (b) of
 3 section 3306 (determined without regard to any
 4 dollar limitation contained in such section).
 5 Such term shall not include any amount taken
 6 into account for purposes of determining any
 7 other credit allowed under this subpart.

8 “(2) QUALIFIED CHILD CARE WORKER.—

9 “(A) IN GENERAL.—The term ‘qualified
 10 child care worker’ means any employee who—

11 “(i) is employed at an eligible child
 12 care facility, and

13 “(ii) provides child care services.

14 “(3) ELIGIBLE CHILD CARE FACILITY.—The
 15 term ‘eligible child care facility’ means any facility
 16 which—

17 “(A) provides child care services for at
 18 least 6 individuals,

19 “(B) receives a fee, payment, or grant for
 20 providing such services, and

21 “(C) complies with all applicable laws and
 22 regulations of a State or unit of local govern-
 23 ment.

24 “(4) CHILD CARE SERVICES.—The term ‘child
 25 care services’ means the providing of care, edu-

1 cation, protection, supervision, or guidance to chil-
 2 dren.

3 “(d) ELECTION TO HAVE CREDIT NOT APPLY.—

4 “(1) IN GENERAL.—A taxpayer may elect to
 5 have this section not apply for any taxable year.

6 “(2) OTHER RULES.—Rules similar to the rules
 7 of paragraphs (2) and (3) of section 51(j) shall
 8 apply for purposes of this subsection.”.

9 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
 10 NESS CREDIT.—Section 38(b) of the Internal Revenue
 11 Code of 1986 is amended by striking “plus” at the end
 12 of paragraph (40), by striking the period at the end of
 13 paragraph (41) and inserting “, plus”, and by adding at
 14 the end the following new paragraph:

15 “(42) the child care supply credit determined
 16 under section 45BB(a).”.

17 (c) ELECTIVE PAYMENT.—Section 6417(b) of the In-
 18 ternal Revenue Code of 1986 is amended by adding at the
 19 end the following new paragraph:

20 “(13) The child care supply credit determined
 21 under section 45BB(a).”.

22 (d) DENIAL OF DOUBLE BENEFIT.—Section 280C(a)
 23 of the Internal Revenue Code of 1986 is amended by in-
 24 serting “45BB(a),” after “45S(a),”.

1 (e) CLERICAL AMENDMENT.—The table of sections
2 for subpart D of part IV of subchapter A of chapter 1
3 of the Internal Revenue Code of 1986 is amended by add-
4 ing at the end the following new item:

“Sec. 45BB. Child care supply credit.”.

5 (f) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

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